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PARIS, MONDAY, APRIL 25, 1988

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who, he said, "did not give me their

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The bitter inlighting among the

See FRANCE, Page 2

Chirac 19.56%

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How France Voted in First Round

11 Gendarmes Freed;

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#### Tengiz Abaladze Georgian director whose is kayaniye" ("Rependant the Way for cinematic the Stalin era has been a ported Friday that has been a ported Friday that has been a ported Friday that has been a georgia—Molba" ("In Theory Zheianiya" ("In Sare") and "Pokayaniya" ("In Sare") and "Pokayaniya Iran Hits Ship, sed Stalin. Advisore with in 1984 hus Sovies or the time. **Defying Reagan**

prize-winning film deal infe of the last man to the last man t MANAMA, Bahrain - An Irain theaters in Chine to hian gunboat fired a rocket into a Saudi Arabian-owned tanker in the The British pop was war ceied a scheduled was arrowman for the single company said he was simply and was simply Strait of Hormuz on Sunday, hours after President Ronald Reagan warned Iran to stop attacking neu-tral ships in the region, Gulf ship-

ping sources said.

The tanker, which sustained mi Coast Guard Role well and was simplest come to Paris, "like to come to Paris," like to come added." nor damage, made for the port of Dubai with an unexploded rocket hanging from its punctured side. overloaded, she adde to another source in the But the captain said the missile fell however. Sime canode, found out the rally waste. overboard when the tanker docked. Gulf-based shipping executives said the 37,011-ton Sea Trader was burnan rights but for he François Minerali a approached by six gunboats as it sailed northward. But they said

only one Iranian boat attacked. No casualties were reported. The Mexican nowing to enter received the 1989 Cervantes Prize for large King Juan Carlos and the Carlos and Spain The tanker flies a Liberian flag but is owned by the Bakri Navigation Co. of Jeddah.

In Washington, Defense Secre-tary Frank C. Carlucci said the phia of Spain. United States was considering shoring up its Gulf fleet with U.S. New York Tunes form Coast Guard vessels, but U.S. offi-Helen B. Bernsten Aug cials played down any immediate by Iranian forces. U.S. officials reretaliation for the latest Iranian at-

> Admiral William J. Crowe Jr., chairman of the Joint Chiefs of Staff, said the "level of violence is much less" against the Saudiowned tanker than in the mining incident that touched off U.S. reraliation last week.

"We do not contemplate any more violence unless Iran continues what we would say is an indiscriminate and a threatening pattern," Admiral Crowe said in a televised interview.

on total income of thes "And as you saw the report from percent. It 1986 is brighte tanker, they did not feel that raid taxes of \$11546. They had been heavily damaged. of \$348.544 — or like he said. Reagan's 1056 m il: On il

On the question of using coast Salation on ional in guard vessels, Mr. Carlucci said in a separate televised interview that their use would provide more flexibility in the Guif hut that no decision had been made.

Referring to the coast guard, he said: "They have somewhat smaller ships, which give a better patrolling capability. It would free our larger ships for other missions."

Mr. Reagan warned Saturday that further Iranian attacks on shipping "will be very costly to Iran and its people."

In Beirut, a pro-Iranian claudestine organization, the Revolutionary Justice Organization, repeated-threats Sunday to "execute" its two

#### Kiosk

#### **Afghan Rebels** Take 2 Towns

ISLAMABAD, Pakistan (Reuters) — Moslem guerril-las said Sunday they had occu-pied two towns in southern Afghanistan near the border with Pakistan after government troops abandoned them. Guerrilla spokesmen in Pa-kistan said helicopters evacuated hundreds of government soldiers from Atghar on Satur-day and from Maruf on Fri-day. On Saturday, the guertillas said they had occupied the Barikot garrison in eastern Afghanistan, which also had

been evacuated. Separately, Major General Najib, the Afghan leader, told scholars in Kabul on Sunday that he backs the idea of balanced cuts in arms supplied to his government by the Soviet Union and to the rebels by the United States. Page 5.

MONDAY Q&A



Paul Higdon, head of Interpol's narcotics division, says the drug trade in Europe is swelling. Page 2.

General News Sikh separatists and the Indi-

an government are preparing for a showdown. Business/Finance

GM is dropping Firestone as a tire supplier for its new cars Page 15. and micks.

Baltimore ran its record losing streak to 18 games, falling 3-1 to Kansas City. Page 21.

#### cippio and Edward Tracy cause of U.S. acts in the Gulf.

"Any new aggression under any pretext, regardless of justification, will lead to executing the spy Edward Tracy first and Cicippio second," the statement said.

Mr. Carlucci is expected to ap-

prove the plan to use coast guard vessels in the Gulf, The New York Times reported from Washington. The patrol boats would assist larger warships in escorting mer-chant vessels, keeping watch over sea-lanes to prevent the laying of mines and guarding offshore installations from attacks by small craft,

U.S. officials said Saturday. On Friday, members of Congress were told that the Reagan adminis-tration intended to allow the navy to protect ships in the Gulf other than those flying the U.S. flag. when assistance is requested from warships at the scene of an attack

See GULF, Page 2



Jacques Chirac, far left, and Raymond Barre, who ran second and third in the first round of the French election, joined forces for the second round against the incumbent, François Mitterrand.

#### Containing the Gulf War Proves Elusive

By Patrick E. Tyler

Washington Post Service KUWAIT — The naval clash last week between Iran and the United States - the most serious confrontation between the two nations since Americans were seized in their embassy in Tehran nine years ago - has left Western and Arab government officials deeply puzzled and apprehensive, fearing that the Gulf War is becoming more difficult to contain.

Underlying the tension is a series of sudden reversals for Iran, inding the loss of a major battle with Iraq on the Faw Peninsula and an ominous escalation in the use of chemical weapons against its forces. Iran has absorbed more

than 120 devastating long-range missile strikes on Tehran and other major cities since late February. plus the destruction of three of its best warships in the clash with the U.S. Navy on April 18. Meanwhile, there is widespread

**NEWS ANALYSIS** 

hijacking of the Kuwait Airways jet Prime Minister Mir Hussein Mouson April 5 and the subsequent mur- savi. The two leaders are seeking a der of two of its passengers after a mandate for more centralized constopover in Iran. The hijacking, trol over social and economic po-which ended Wednesday, failed to liey, land reform and trade legislaachieve the goal espoused both hy non, much of which has been the hijackers and the Iranian gov- stymied by conservative clergymen ernment -- freedom for 17 extremists imprisoned in Kuwait.

These setbacks have beset the government at a critical time of economic stress compounded by an atmosphere of political uncertainty during a five-week election campaign for the 270-seat Majlis, the Iranian parliament.

The first round of balloung on April 8 appeared to have bolstered suspicion that some Iranian offi-cials may have been involved in the speaker, Hashemi Rafsanjani, and and commercial interests in Iran's still-powerful "hazaar."

sanjani, the most prominent power broker on the Iranian political

Until a new majority crystallizes, Iran's leaders are likely to react with greater unpredictability when

See WAR, Page 2

But runoff voting on May 13 will decide \$2 contested and potentially decisive sears in the still-fragile majority that keeps Mr. Moussavi in power with support from Mr. Raf-

Yet even after the election results are in, it may be that no one faction is able to forge a majority for stable governance and, as one Iranian analyst said in an interview last month in Tehran, "Rafsanjani still has a lot of enemies."

#### Mitterrand and Chirac Advance to 2d Round tional second-round support from a televised statement: "Now the defeated leftist candidates and choice is simple." He appealed for

Mr. Mitterrand, apparently re-

Results with 65.5 percer

of the votes counted

34.46%

Laloinie

Source:Ministry of the Inti

5.72%

By Joseph Fitchett International Herald Tribune

from centrist voters alienated by the support of French moderates, PARIS - President François Mr. Le Pen's influence on the tradi-Mitterrand, a Socialist, will face tional right. Prime Minister Jacques Chirac, a Gaullist, in a runoff presidential ferring to Mr. Le Pen's political weight on the French right, said in election May 8. computer projections by the Ministry of the Interior showed Sunday. The figures were hased on 65.5 percent of the vote in the first of the two rounds of the

Mr. Mitterrand, 7t, appeared to be positioned to retain the French presidency on the basis of the proections, which were expected to parallel the official results. Seven candidates were eliminated.

Jean-Marie Le Pen, 59, the leader of the extreme rightist National Front, was winning 14.05 percent of the total, the projections showed. Mr. Le Pen's surprisingly strong score gave him an important voice as a broker of the rightist vote in the campaign during the next

two weeks. Mr. Le Pen, whose appeal to volers included strident attacks on national immigration policies, a call for the restoration of capital punshment and a demand for reaffirmation of family values, was jubi-

"We have the certainty of a political earthquake and a radical transformation of the national landscape," he said, "Nothing will ever be done in France without the voters of the National Front."

had transformed Mr. Le Pen from a edonia have been freed. protest candidate into an impor-

amounted to slightly more than 50 main New Caledonian island, percent, was split three ways, the where Kanak separatists captured Interior Ministry projections indi-cated, Mr. Chirac, 55, got 19.56 that caused four deaths, percent; Raymond Barre, 64, the centrist former prime minister, 16.75 percent; and Mr. Le Pen, 14.05 percent.

Mr. Mitterrand, showing 34.46 no further details. percent of the popular vote, appeared to be within reach of victory. He was expected to win addi- French gendarmes in an attempt to

Paris Moves on Kanaks

Compiled by Our Staff From Dispatches PARIS - Defense Minister Andre Giraud of France said Sunday that 11 of 27 paramilitary polices of the National Front." men taken hostage Friday in the Observers said that the election South Pacific territory of New Cal-

He said on television that a militant force on the political right.

The conservative vote, which the island of Ouvea, east of the

news by telephone from Noumea, the capital of the territory. He gave

Earlier Sunday, Melanesian sep-

disrupt presidential and local elec-

About 60 percent of the 87,350 eligible voters in New Caledonia went to the polls despite a call by separatists to boycott the elections.
Authorities closed 38 of 139 polling places because they were consid-. ered likely targets for militants.

Elsewhere on the archipelago, ballots were burned, telephone lines were cut and barricades were crected, and authorities used tear gas to disperse protesters.

New Caledonians voted in the French presidential election and for representatives in a new territorial assembly created by Prime Minister Jacques Chirac's govern-

See NOUMEA, Page 2

#### Study Sees Fatal Flaws in SDI "be produced in the foreseeable fu- an estimated cost of \$150 billion.

By R. Jeffrey Smith

ington Post Service Washington Post Service
WASHINGTON — President Ronald Reagan's space-based missile defense system would "suffer a catastrophic failure" the first time it was used to protect against a Soviet nuclear attack, a nonpartisan congressional report has con-

chided.
The Office of Technology Assessment, after a study of almost two years, took sharp issue with the president's vision of the Strategic Defense Initiative, saying that the detailed computer instructions needed to destroy thousands of warheads streaking towards the Umited States probably could not

#### **Bush Seems** Pragmatic On Economy

By Peter T. Kilborn

New York Times Service

WASHINGTON — After a pri-

mary campaign in which his eco-nomic proposals consisted mainly of support for the programs insti-tuted by President Ronald Reagan, Vice President George Bush has gathered advisers who are helping him prepare proposals that imply a more moderate, pragmatic agenda.

more moderate, pragmatic agenda.

The four top economic advisers of the de facto Republican presidential nominee are Michael J. Boskin, Martin S. Feldstein, Richard G. Darman and Paul W. Mac-

Avoy.

Each fits a conventionally conservative mold, with a traditional
servative mold, with a traditional Republican emphasis on balancing the hudget, while the tax-cutting supply-side economists who helped devise Mr. Reagan's initial policies have minor roles with Mr. Bush. Economists close to Mr. Bush

said he would do nothing to revive the president's largely lost cause of further large increases in military spending. And while Mr. Bush has repeatedly said he would oppose higher taxes, the economists on his team have previously supported such increases as a last resort. Campaign aides said Mr. Bush

will portray himself mostly as a caretaker of Mr. Reagan's initianvcs. "The vice president feels that al-

though there are some problems, the economy is in strong shape and doesn't need an overhaul, said Charles W. Greenleaf, Mr. Bush's deputy chief of staff and assistant for policy.

It is nevertheless apparent from the views of the economic advisers that Mr. Bush and his staff most often consult and from some of the policies he is devising — that the vice president would likely steer a more conventionally conservative See BUSH, Page 2

tnre.

assuming that the system could of the space wea stop a substantial portion of Soviet missiles because there is no scientific evidence to date to support that assumption indefinitely.

The conclusions are among the principal findings of a 900-page report on SDI prepared by the staff of the Office of Technology Assessment, which was given access to from an expert panel of SDI supporters and opponents.

An unclassified version of the

public for seven months by Pentagon officials, who say it contains sensitive information. Although three chapters remain in dispute, officials directing the SDI effort cleared nine others last month, inclearen nine others has mortal, in-cluding a summary chapter, ob-tained by The Washington Post. The Pentagon is pursuing a plan to deploy the first phase of SDI at

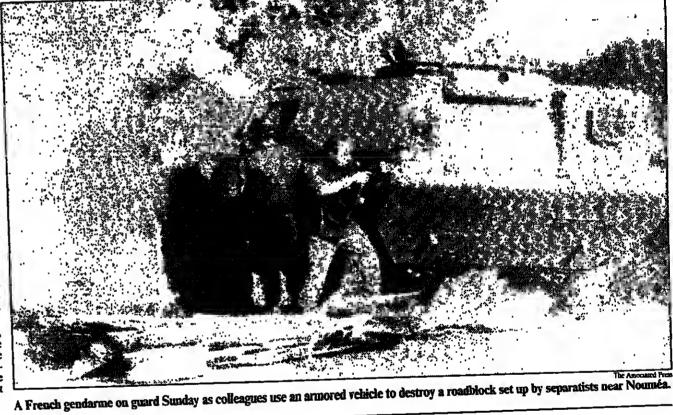
Congress already has slashed the It also said that the timetable Reagan administration's annual recalling for deployment in the mid-1990s required "an act of faith" in

initial antimissile scheme.

The overall conclusion reported by the Office of Technology Assessment is that despite five years and \$12 billion worth of scientific research, "many questions remain about the feasibility of meeting SDI goals," which include at the outset substantial disruption of a secret SDI data and drew advice Soviet missile attack and in later stages "elimination of the threat posed" by Soviet missiles.

The report said that SDI softreport has been withheld from the ware would face an enormous challenge, with proof of success impos-

Judging from past experience, the report said, it appears that the complexity of the ballistic missile defense, the uncertainty of the requirements it must meet, and the novelty of the technology it must See SDL, Page 2



#### Low Dollar Makes U.S. a Retail Mecca

By Sharon Warren Walsh

Washington Post Service
NEW YORK — Even if you did not speak Italian, it was easy to NEW YORK. — Even it you did not speak trailer, it was easy to figure out what the five tourists from northern Italy were shopping for in the South Street Seaport on a free afternoon.

"Ray Ban." "Revion." "Nike." "Timberland." These popular American brand names are sprinkled throughout their hurried

A Japanese tour group on the same day in the city is headed not only for the Statue of Liberty, but also for Bloomingdale's depart-

Largely as the result of the hattered dollar, foreign visitors to the Largely as the result of the hattered dollar, foreign visitors to the United States are spending record sums on everything from designer jeans and videocassette recorders to the Samsonite luggage in which they will carry the goods home. Since it peaked in 1985, the dollar has lost half of its value, compared with the currencies of its major

trading partners.

Nearly 30 million foreign visitors are expected to spend \$22 billion.

Nearly 30 million foreign visitors are expected to spend \$22 billion. in the United States this year, a 13-percent increase over 1987, according to Harvey Shields, marketing research analyst for the U.S. Travel and Tourism Administration of the Department of Com-

With the summer tourist season approaching, New York retailers are greeting Germans, Japanese, Italians, French and British with At the Foot Locker store in the South Street Seaport in New York,

for example, Jerry Vossen, manager of the shop, said foreigners now represent about 75 percent of his husiness.

Many tourists are making their second, third or fourth visits. With each successive trip, those who once traveled only in large groups to

the traditional gateway cities, such as New York and Los Angeles, become more independent and knowledgeable about what they want Other cities and states are attempting to capture part of this

rowing market by increasing their overseas advertising hudgets. Even Oklahoma now has a tourist office in Japan. But, in the world of shopping. New York still holds sway in attracting foreign visitors. "New York is the shopping capital of the world," said Jack McBean, head of the New York Convention and Visitors Bureau. "Goods come here from everywhere," he said, "and people come to

Affluent foreigners crowd many of the most expensive shopping areas in New York, and more are expected this summer. In Trump Tower, which houses a number of shops offering fashionable goods, merchants "are expecting gangbuster business this year from for-See TOURISTS, Page 2

The Bloomingdale's store on Third Avenue in New York is a popular stop for tourists taking advantage of the weak dollar.

#### **Modest Result Foreseen** From OPEC Meetings

By Robert J. McCartney and Martha M. Hamilton Washington Past Service

The unusual meeting scheduled for Tuesday between OPEC and non-OPEC nations has raised the possibility that the oil cartel could regain and extend its leverage on world oil markets and drive oil prices up. Or, if the members of the Organization of Petroleum Exporting Countries fail to reach an agreement with their non-OPEC competitors, that could send oil prices tumbling.
With all its dramatic possibili-

ties, it is easy to see why the meeting has overshadowed such longerterm trends in world oil markets as an increase in demand. According to many oil analysts, this trend holds out the prospect of gently rising oil prices for the rest of 1988.

To persuade markets that there is significant new cooperation among exporters, participants at the meeting will have to agree on major production cuts, totaling 500,000 to a million barrels a day. traders and other industry specialists say.

More likely, most analysts say, is a relatively modest agreement.

There will be something in between the two extremes," said Nigel Gault, a senior economist with Data Resources Inc. That middle ground, he said, could be "continuing meetings and dialogues he-tween OPEC and non-OPEC producers and some decrease in OPEC production" that would support prices at their current levels or push them up slightly.

Representatives of Mexico, Colombia, Egypt, Oman, Angola, China, Malaysia and Brunei are to meet Tuesday in Vienna with the oil ministers of the members of OPEC's pricing committee: Saudi Arahia, Venezuela, Indonesia, Al-

geria and Nigeria.

Two days later, ministers of all
13 OPEC nations will hold a consultative conference. Under OPEC rules, if they chose to convert the meeting into an extraordinary session, they could adopt such actions as output reductions to raise prices. Over the years, the record of cooperation between OPEC and non-

OPEC exporters has been spotty. OPEC's top producer, Saudi Arabia, agreed to call the meeting only reluciantly, after Iran, a rival, lohhied hard for it. And Saudi Arahia has consistently opposed reducing OPEC quotas, arguing that any reduction in production in order to bolster prices would simply allow non-OPEC nations to raise production and take market share.

Should the Saudis agree to participate in cooperation with non-OPEC producers, the psychological impact on the oil markets would be powerful. But the nsks are high on the other side, too.

"If nothing is done, the opportunity to get any kind of support from non-OPEC countries is gone, said John H. Lichtblau. president of the Petroleum Indus-

try Research Foundation. Just the fact that the meeting was called strengthened oil prices. Expectations that it might lead to an

See OPEC, Page 19

#### Europe's Drug Trade Gains on the U.S., Interpol Aide Says

Delegates from 24 European counwe seize and what informants say slipped vented today, it would become a conmany people have that it is undermining their society. How important is this polittries met in Paris last week for a regional conference of Interpol, the International Criminal Police Organization. Much of the discussions concerned the growing trade in illegal narcotics, and Paul Higdon, an American who heads the organization's narcotics subdivision, discussed the problem with Barry James of the IHT staff.

Q. The United States is the world's biggest consumer of illicit drugs — but is

Western Europe far behind? A. Consider that from 1986 to 1987 in Europe, heroin seizures immped from 1.9 to 3 tons; cocaine seizures from 1.6 to 2.5 tons. Consider also that if all the cocaine seized in Europe in 1970 were put in a pile, it would weigh little more than a kilo. So Europe is well behind the United States right now, but it seems in be doing its best to catch up.

Q. Do you have any idea of what percentage of illegal narcotics are getting through to their destination?

A. No. We always hear estimates that seizures are 10 to 15 percent of the total, but they are just that — estimates. The only thing we know with certainty is what rate figure, we would need to know what amount was produced, and how much of that was sent to the consumer market. In

#### MONDAY Q&A

fact it's all rhetoric, because all that need be said on the subject is that more than enough supply is getting through to satis-

Q. Are there parallels between what is happening today and prohibition? Some argue that it makes sense to deal with narcotics as you deal with alcohol - that is, to let it in freely so the price comes down and associated crime is reduced and then deal with the consequences through education and treatment. What

do you say to such an argument?
A. Prohibition didn't work because alcohol was prohibited after being legal. Society today has never known a period when drugs were legal and freely available and that is the way it should remain. To make them legal now would be an irreversible mistake which would have disastrous long-term consequences. I'm also convinced that if alcohol were inpact on health and society.

Q. Despite the increase in funding, record confiscations and a threefold increase in the numbers of arrests in the United States, the supplies are getting through in ever more vast amounts. For example, the street price of cocaine in many U.S. cities has never been lower, the supply never greater. Why is the anti-narcotics policy not baving more of an

A. Because drug interdiction has to strike a halance with the interests of un-restricted trade. People and politicians are concerned about the problem of drug availability but how many of them wi honestly tell you they are willing to wait for one or two hours in a stilling vehicle while crossing a border checkpoint? In fact very few are inlerant of the delays caused by baggage searches in air-conditioned customs enclosures. Since interdiction is near impossible, the emphasis must be on reducing the production and reducing the demand.

Q. One of the U.S. presidential candidates, Jesse Jackson, has focused attention on the drug problem and on the fear ical leadership in dealing with the prob-

A. Success in the fight against drug abuse is entirely dependent on the level of political will that exists in a country. because it dictates what resources are made available to police and prevention

Q. Are you finding links between the drugs trade and international terrorism? A. There is no doubt that link exists. To conduct their business, terrorists need money. Let's be frank, trafficking in drugs is certainly as profitable as bank robberies and less risky.

Q. Interpol is developing financial in-stigative methods to seize the profits of drug traffickers. How much success are you having with this program?

A. It has been extremely successful judging from the number of countries that have adopted legislation enabling them to trace, freeze and seize traffickers gains. What started as an idea has become an essential enforcement tool.

ment over the objections of mili-

Caledonia, a branch of Mr. Chir-

ac's conservative Rally for the Re-

public party, won 35 of the 48 seats

and the extreme-right National

small, rightist parties, and two seats

nesians make up 43 percent of the island's population of 145,000.

Kanaks want independence, and

most Europeans want to remain

On Friday, a group of Kanaks

Three seats were won by two mea, the capital.

were won by dissident separatists. Kanak separatists erected barri-

are European, and the rest are pri-marily Asian or Tahitian. Many 5 Hurt in Corsica Blast

The Rally for the Republic in

tant native Melanesians.

Front won eight.

part of France.

hospital in Sydney.

A. Trends in drug traffic are very dynamic. Heroin from Southwest Asia moves daily from the Golden Crescent through India and Africa to Europe and North America. Almost identical quantities are shipped to the same con countries from the Golden Triangle in Southeast Asia. Cannabis, one of the most abused of all controlled substance reaches Europe from Lebanon and Morocco and the United States from South and Central America. As I mentioned, cocaine from South America, which has immdated the United States for several years is now being seized in alarming quantities in Europe.

Q. What is Interpol's role in the fight against international narcotics traffick-

A. We have 146 member nations About 30 percent of our activities is dedicated to drug enforcement at the international level. These include providing member countries with operational support, intelligence, communications and access to computerized files. We are in mications and Q. Given your world view of the illegal access to computerized files. We are in trade in narcotics and psychotropic sub-

to discuss independence.

An officer was shot in the stom-

coast of the main Caledonian is-

land. Another officer was shot be-

fore polls opened in Pouembout, on the island's west coast, 420 kilo-

meters (260 miles) north of Nou-

Gendarmes in Nonmea said that

Five gendarmes were hurt, one of

them seriously, when a booby-

trapped car exploded as they were

the Mediterranean island, where

past, Mr. Chirac has refused to

form an electoral alliance with the

The outcome reflected an accel-

erating decline for the Communists

after the postwar period, when they

often represented nearly a fifth of

the electorate. The result Sunday

date field was Antoine Waechter,

Rounding out the nine-candi-

was their worst showing ever.

ving past it on the outskirts of

#### WORLD BRIEFS

#### Israel Lifts Restrictions in Territories

JERUSALEM (Reuters) — Israel allowed Palestinians living in the occupied West Bank and Gaza Strip to leave their homes on Sunday that travel to jobs in Israel for the first time in a week. A military spokesman said restrictions imposed last week to

A military spokesman said restrictions imposed last week to take violent protests were lifted because there had been "relative calm in the occupied areas. The protests followed the April 16 assessment in Tunisia of Khalii al-Wazir, the military commander of the Palestine.

Tunisis of Khalii al-wazii, the internation of Chalifination of Spanization who was known as Abu Jihad.

The spokesman said said most of the 100,000 laborers from the spokesman said said said lead on Spanday Outland control occupied territories went to work in Israel on Sunday. Curiews com 400,000 Palestinians to their homes for a week were lifted, as well as to restrictions affecting 1.5 million Palestinians.

#### Shultz to Brief NATO on Soviet Talks

TBILISI, U.S.S.R. (UPI) — The U.S. secretary of state, George E. Shultz, left for Brussels nn Sunday to address North Allamic Treaty. Organization foreign ministers on his two days of meetings in Moscow, and the planned U.S. Soviet summit meeting next month.

Before departing from Tbilisi, capital of the Georgian Republic Mark Shultz told the news agency Tass that his talks in Moscow, which had been frank, but had not produced decisive results. No proceedings of the Georgian Republic Mark Shultz told the news agency Tass that his talks in Moscow, which had not produced decisive results. No proceedings of the Georgian Republic Mark Shultz told the news agency Tass that his talks in Moscow, which had not produced decisive results. agreement on arms control issues was reached.

Mr. Shultz traveled to Tbilisi on Saturday after visiting Kiev as part of his trip to the southern Soviet republics. In Kiev, capital of the Okrane.

Mr. Shultz noted the persistence of religious faith when he visited a
former monastery. In Ibilisi, he attended a cathedral service and was given an icon bearing the image of Georgy, the local patron sand

#### Gunmen Attack Philippines Official

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MANILA (UPI) — Three gummen tried to ambush the governor of Zambaics Province, home of the U.S. Subic Bay Naval Station, but were Shot and killed by the governor's bodygnards, officials said.

Three gummen in a car opened fire Saunday on a motorcade carring Governor Amor Deloso as he approached his residence in Botolan, see the provincial capital of Iba and less than 70 kilometers (40 miles) from **NOUMEA:** 11 Gendarmes Freed that negotiators be sent from Paris

#### the Subic Bay complex, the authorities said. 500 Challenge Pretoria Protest Ban

ach Sunday while guarding a polling station in Canala, on the east JOHANNESBURG (Reuters) — More than 500 people defied Storiff African government warnings against anti-apartheid action with a week end protest over the detention and alleged torture of children campitaling

The "Free the Children" rally Saturday on the Johannesburg campute the University of the Witwatersrand was the first public mass meeting to protest government policy since Pretoria effectively banned 19 atm

apartheid organizations in February.

David Webster, a former member of the Detainees Parents Support
Committee, which was effectively banned in February, said at these Known as Kanaks, native Mela-esians make up 43 percent of the sland's population of 145,000. cades in several villages to disrupt voting. At a barricade on a road outside Canala, six gendamnes were 30,000 people had been detained at some stage since emergency sule imposed in June 1986. He said up to 40 percent of the people detained Thirty-six percent of the residents hurt, one seriously, in fighting with are European, and the rest are pri-separatists. (AP, Reuters) any one time were age 18 or under and included some as young as 9 "There appear to be about 2,500 to 3,000 now under detention," he said.

#### For the Record

Guerrillas in Peru assassinated two leftist mayors in towns lepartment of Arequipa, an official said Saturday.

Nancy Reagan underwent a routine physical examination and a breast K-ray on Friday, neither of which showed any problems, the White

louse announced.

About 20,000 people staged a peaceful anti-motien tally in a Toky. park on Sunday to mark the second anniversary of the Chernobyl micket accident in the Soviet Union, organizers said.

Three soldiers and three leftist rebels were killed Saturday when guerrillas attacked a military post near the town of Corinto in northeast ern El Salvador, military sources said.

#### demanding that the elections be Calvi, a Corsican coastal town. canceled attacked an army post, Renters quoted police sources in killed three gendarmes and took Calvi as saying Friday. the 27 hostages. A fourth officer shot in the attack died Sunday in a The sources said it was the first time a car bomh had been used on

The separatists also had de- Corsican separatists are fighting

manded removal of police rein- French rule. There were no claims forcements from the island and of responsibility for the attack.

FRANCE: Mitterrand and Chirac (Continued from Page 1)

conservative factions, commenta-tors said, made it unlikely that Mr. Chirac would succeed in picking up enough of his defeated rivals' votes

to Mr. Le Pen in the campaign's closing stages amid a flare-up of

eigners," said Ray Bartow, a on May 8, said that he counted on spokesmen for the Trump Organi- Mr. Chirac to support his own

be a bid to appeal to National The exchange illustrated the di-

trying to reconcile the rival wings Mr. Chirac appealed to voters to unite behind him, saying, "Now, against the Socialist candidate, we

must rally together."

Mr. Le Pen said that he will wait

ers, 0.4 percent, according to television projections. Pierre Béregovoy, a Socialist who is often mentioned as a possible choice as prime minister if Mr. Mit-

terrand is elected next month, asscreed Sunday that Mr. Mitterrand had emerged as the only leader ca-pable of maintaining a unified po-litical consensus in France.

Voter participation was 82 per-cent, higher than in the last presidential election, in 1981, even though the campaign lacked the ideological vigor and vitriol tradiuntil May I to announce which tionally associated with French

#### TRAVEL UPDATE

#### Airborne U.S. Smokers Go Without

NEW YORK (UPI) — Frustrated smokers are mints and lickel lollipops Saturday on the first day of a federal smoking ban on airlied flights within the United States of two hours or less. Passengers who ignore the ban can be fined as much as \$1,000. Northwest Airlines has banned smoking on all domestic flights.

In general, smokers protested and nonsmokers cheered, but there were no reports of trouble. For example, a police spokesman in New York Chysiaid that at John F. Kennedy international Airport and at La Guanda. Airport there were no disturbances on or off flights because of the ban. A dozen smokers protested at National Airport in Washington.

Several airlines handed out mints and chewing gum to passengers for ease the jitters of not smoking. Continental Airlines planned to distribute more than 430,000 pieces of gam and 200,000 lollinops. Northwest hind: Laguiller, head of the Trotskyist worker Struggle movement, 2 percent; and Pierre Boussel, leader of the Movement for a Party of Work.

#### Alitalia Trims International Flights

ROME (Reuters) - Alitalia canceled most morning international flights from Monday to Thursday in response to a planned strike by pilots. A statement said a maximum of 12 international flights would leave the Rome and Milan airports on each morning of the strike, which affects the carrier's short- and medium-haul operations.

The pilots' union, ANPAC, has called the strike to protest conditions

governing payment during labor disputes. It has told members to strike for six hours a day, from 7 A.M. to 1 P.M., Monday to Thursday.

Kawait Aliways will resume flights to Asia within the next 10 days after a suspension linked to the 16-day hijacking of a Bangkok-Kuwait flight an airline spokesman said Sunday.

A more to end a 12 mock Channel form for the conduction of the conduction o

an airline spokesman said Sunday.

A move to end a 12-week Channel ferry dispute was announced in Dover, England, on Sunday by P&O European Ferries, which fall striking seamen that they would be dismissed if they do not accompanies measures by Tuesday.

#### This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Australia, Egypt, Italy, Macao, New Zealand, Portugal, Swazilani TUESDAY: Afghanistan, Tanzania. WEDNESDAY: Togo.

FRIDAY: Denmark, Japan,

SUNDAY: Afghanistan, Algeria, Bangladeah, Burma, China, Cyprus, Diibos Egypt, India, Iraq, Jordan, Malaysia, Morocco, North Yemen, Pakistan, Singapoi South Yemen, Sri Lanka, Syria, Thailand, Tunisia. Source: Morgan Guaranty Trust Co., Resi

#### **DOONESBURY**









#### **Damascus** Welcomes **Arafat Visit**

DAMASCUS — Yasser Arafat, chairman of the Palestine Liberation Organization, arrived Sunday in Damascus for an official visit that was expected to signal an easing of PLO relations with Syria, lestinian officials said. Mr. Arafat was greeted on arriv-

al by senior Syrian and Palestinian officials, the officials said.

The visit follows talks between a team from Mr. Arafat's mainstream el-Fatah group within the PLO and Vice President Abdel Halim Khaddam of Syria, aimed at healing a rift between Damascus and the Palestinian organization.

Mr. Arafat's relations with Syria crumbled in 1983 when the PLO leadership was expelled from Lebanon and Syria threw its support behind by a revolt by a PLO faction opposing Mr. Arafat. The Palestinian sources said

President Hafez al-Assad would meet with Mr. Arafat. A PLO delegation renewed open

contact with Syrian officials after coming to Damascus for the funeral last week of Khalil al-Wazir, the PLO military commander, who was assassinated April 16.

Mr. Wazir, better known as Ahn Jihad, was killed outside Tunis by what is widely believed to have been an Israeli assassination team. Syria invited PLO and Fatah leaders to Damascus for Mr. Wazir's funeral

Mr. Arafat, however, stayed away after failing to receive guarantees of a meeting with Mr. Assad.

Rafik al-Natchi, a member of the Fatah central committee, said that Syrian-PLO rapprochement was a new factor in the region and its

#### SDI:

#### Fatal Flaws Seen (Continued from Page I)

control "would impose a significant probability of software-in-duced catastrophic failure" in the first — and only — real battle.

The report said there was broad agreement in the technical community that significant parts of the SDI research were "in the national interest" and did not rule out that "such achievements may someday accumulate to form the basis for a economy drained by the long war highly effective missile defense sys-

But the report also expressed substantial skepticism that the re- ers seeking to highlight the Iraqi maining technical problems could invasion in September 1980, rebe solved and called fresh attention mains the holy crusade that still to a host of potential Soviet measures to counter a ballistic missile defense. It said these potential Soviet actions had not been studied adequately by SDI managers. Exotic, space-based lasers and gion, and to many of them, a prov-

particle beams, which could poten- ocation from the Great Satan is an tially defeat early Soviet counter-measures in the third phase of an en feasible for at least a decade, the report said. As a result, U.S. "commitment in the mid-1990 to a second to have lost making seemed to have lost making one deployment would require an act of faith that phase three would

The report said potential Soviet countermeasures included firing missiles carrying nuclear warheads at U.S. space weapons in orbit, launching thousands of warhead replicas or decoys and jamming U.S. radars. The report said that, despite SDI

claims that these and other threats have been studied in depth, a search of SDI files and those of companies with SDI contracts turned up "little analysis of any kind" of Soviet space weapons that could be used to attack a U.S. missile defense, swiftly degrading its



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"The cheaper dollar is definitely bringing the middle class," said Sante Scardillo, a tour guide and translator for American Tours In-

bargains." According to travel industry ob-U.S. retaliation against two Ira-

nian offshore oil platforms, used as bases for attacks on shipping, drew another unpredictable Iranian response. Iranian warships, outclassed and outgunned, sought to engage the U.S. fleet while Iranian speedboats manned by Revolutionary Guards opened fire on oil workers off the United Arab Emir-

One U.S. skipper reported that five Chinese-made Silkworm mis-"Remember that these people identify with martyrdom," said one siles had been fired on his naval squadron in the Strait of Hormuz, suggesting that Iran had crossed another threshold of confrontation. The United States has long warned that the Silkworm batteries overlooking the strait would be de-stroyed if activated while U.S.-

in the United Nations Security range.

When the day's battle was over, six Iranian vessels had been sunk or badly damaged and a U.S. helicopter gunship with its two-man crew

was missing.
"After this week, the United
States is in it," said one veteran American analyst. "If this marks a shift to the hard-liners in Iran, we may be in for a hot Ramadan with more incidents and an escalating

#### GULF: Iran Attack Defies Reagan

iterated the next day that final decisions on how to expand the role of U.S. forces have yet in be made. Consultations with Congress and with U.S. allies will continue, the nfficials said.

Lawmakers reacted quietly, and with little opposition, to reports of

هكذامن الأحمل

unresolved political struggles at

home and a steadily deteriorating

with Iraq. But the war itself, "the imposed

war" in the rhetoric of Iranian lead-

appears to whip up a strong nation-

European ambassador in the re-

As if to underscore the point,

Iraq, in a departure from its defen-

sive war strategy, launched an of-fensive April 17 to retake its south-

ern Faw Peninsula, lost to Iran two

years ago. By all accounts, it suc-

On the northern front, where

Iran scored territorial gains during

the winter in an area already partly destabilized by a Kurdish rebel-

alistic spirit in the population.

invitation to glory."

The use of coast guard patrol boats, which was under discussion before clashes last week between Iranian and U.S. forces, might aid the U.S. fleet in expanding its pro-tection to include oil rigs in shallow ran only said it shot down the airwaters, some operated by U.S. craft after the U.S. reported it employees who can act as transla- a specialist in energy and regulacompanies.

#### ■ Report on U.S. Helicopter

Tehran radio said Iran has retrieved the wreckage of a U.S. heli-copter reported missing during the U.S.-Iranian clashes last week, United Press International reported from Manama, Bahrain,

The Pentagon has declared the two-man crew of the helicopter

Iran said it shot the helicopter down over Gulf waters, but Penta-

pensive than in the past, many of ism."

ternational, a Los Angeles tour wholesaler for foreign travelers

servers, the Japanese spend the most money during their trips, an average of \$366 a day last year. That was an increase of 142 percent from 1986. The Japanese tend to be brand-

conscious, Items carrying Cartier, Gucci and Louis Vuitton labels, designer jeans and other expensive designer goods are a must. Not only are the items less costly when bought in the United States, but there is a broader range of choices.

The British place a higher priori-

ty on shopping than any other nanonal group when choosing a for-eign destination, according to Commerce Department studies. Eighty-eight percent of British travelers surveyed mentioned shopping as important, while 85 percent of Japanese, 80 percent of the Swiss and 74 percent of French and Germans did so.

American-made cosmetics, on the budget deficit issue, willing which often are expensive else-where, are particularly in demand, retailers said. Many of the groups, products are among the most popu-

eign tour groups, Barry Mann, the ing nigher taxes, Mr. Pedistein hotel vice president, said be sees guests coming back from shopping trips with armloads of clothing from the nearby garment district, as well as boxes of electronic equip-

ment and cameras.

Many of the big retailers in New York have special shopping programs fur fureign groups. At Bloomingdale's, the calendar is nomic advisers, Mr. Darman is an booked through July with foreign investment banker who was deputy booked through July with foreign investment values was usually groups. The store often opens early secretary of the Treasury under Mr. for these shoppers, as it did recent. Baker from 1985 to 1987. In that I for a group of about 50 tourists jult, he served as an architect of the from Amsterdam, who were interfrom Amsterdam, who were interested in designer cluthes and beach is known for a nonideological ap-towels embossed with the Statue of proach to policy.

#### National Front. The French Communist Party scored less than 10 percent. Andre Lajoinie, the official candidate, had 6.72 percent of the vote, according

Mr. Chirac apparently lost votes to the projections, and Pierre Ju-quin, a reformist, 2 percent.

terrorism by dissidents in New Caledonia and Corsica. Mr. Barre, urging his supporters to switch their votes to Mr. Chirac

The phrases, echoing some of Mr. Le Pen's themes, appeared to

lemma that Mr. Chirac faces in

candidate he will support. In the elections.

#### **BUSH:** Pragmatic Economics

(Continued from Page 1)

Characteristic of Mr. Bush's team is Mr. Boskin, the economist whom the campaign staff lists first among the four advisers. A profes-Republican conservative.

to consider tax increases and supporting reductions in Social Securiretailers said. Many of the groups, ty benefits for wealthy retirees, particularly those from South proposals Mr. Bush has spurned. America, buy shopping bags full to take back to friends and relatives. Ond is Mr. Feldstein, who left his sun screens and other skin-care post as chairman of the President's

> Lately, Mr. Feldstein has irked the administration, particularly Treasury Secretary James A. Baker 3d, by supporting a further decline in the value of the dollar to help

Saks Fifth Avenue offers special voy, is dean of the business school shopping services, such as lists of at the University of Rochester and Ford's Council of Economic Advis-

presidential campaign.

Niskanen, a former member of Mr. Reagan's Council of Economic Advisers, and two supply-side econo-mists, Richard W. Rahn of the U.S. Chamber of Commerce and Arthur B. Laffer, who was prominent in Mr. Reagan's 1980 campaign and is a founder of the movement, which supports tax reduction and stimulation of production.

encourage business research and development and to help the domestic oil industry.

But the issue he has dwelt upon most to date is education. In early

poor do not save. Aides said Mr. Bush would also revive leading programs for stu-dents that the administration has curbed. In addition, new support for education and job training would be part of an upcoming

Bush has not developed firm positions beyond opposing restraints on foreign trade, aides said. For the moment, he differs with Mr. Reagan and Mr. Baker on the dollar. preferring to leave the markets free to set currency exchange rates.

economic course than has Mr. Rea-

sor of economics at Stanford University, he describes himself as others describe him: an orthodox He said he has been a "realist"

Council of Economic Advisers in 1984 after infuriating the White At the Penta Hotel in New York, House by arousing public concern where about 35 percent of spring about budget deficits and proposand summer business is from forming higher taxes. Mr. Feldstein now

The fourth adviser, Mr. MacA-

He has been a friend of the vice president since the early 1970s, and

he was an adviser, with Mr. Feld-stein, to Mr. Bush's failed 1980 Along with the four principal economists, Mr. Bush's staff cited as peripheral advisers William A.

On domestic economic issues, Mr. Bush supports tax breaks to

primaries, he promised to offer tax-free savings bonds to help parents pay college unition, a plan Mr. Nis-kanen has derided as one that would "make it cheaper for rich kids to go to college" because the

"competitiveness" proposal.
On international issues, Mr.





#### CAR BOMB IN LEBANON KILLS 60 — In Tripoli, residents inspect the damage done by a car bomb that exploded in a crowded vegetable market, killing at least 60 people and wounding 125 on Saturday. No group has taken responsibility for the explosion, which destroyed several buildings, shattered windows in others and set dozens of nearby vehicles on fire. Leading Moslem figures in the city issued a statement accusing the Lebanese Forces, a Christian militia, of placing the explosives. WAR: Containment Elusive in Gulf TOURISTS: lion, Iraq raised the stakes with Buying American new chemical weapons attacks. (Continued from Page 1) provoked externally, according to Iran, apparently unable to strike (Continued from Page 1) several Western diplomatic sources back decisively in the land war, whose governments have embassies turned to the neutral sea-lanes, n Tehran. A shipping executive outside of the middle of the Gulf despite tran who has observed the war for the middle of the Gulf despite warnings from Washington that making the United States less extraction. Spokesment for the Tromp Commitment to "an open and toler-trans who has observed the war for the middle of the Gulf despite warnings from Washington that making the United States less extraction. effects would be felt in the near eight years said: "Those people future. such behavior would draw strong retaliation. retaliation. When the U.S. frigate Samuel B. Roberts struck one of the mines on April 14 and nearly sank, the Reason administration showed with the control of the mines on April 14 and nearly sank, the Reason administration showed with the control of the mines on April 14 and nearly sank, the Reason administration showed with the control of the mines on April 14 and nearly sank, the Reason administration showed with the control of the mines on April 14 and nearly sank, the Reason administration showed with the control of the mines on April 14 and nearly sank the mines on April 14 and nearly sank, the Reason administration showed with the control of the mines on April 14 and nearly sank, the Reason administration showed with the control of the mines on April 14 and nearly sank, the Reason administration showed with the control of the mines on April 14 and nearly sank, the Reason administration showed with the control of the mines on April 14 and nearly sank, the Reason administration showed with the control of the mines on April 14 and nearly sank, the Reason administration showed with the control of the mines on April 14 and nearly sank, the Reason administration showed with the control of the mines on April 14 and nearly sank, the Reason administration showed with the control of the mines on April 14 and nearly sank the Reason administration showed with the control of the mines on the control of the mines up pretty tight, and as you saw this week, when the Americans came in here, they came pouring out of Bandar Abbas like bees from a gan administration showed surhive." The reference was to Iranian prise, as it had last summer when speedboats operating from the port of Bandar Abbas. another Iranian mine parted the hull of the supertanker Bridgeton during its maiden voyage under U.S. Navy escort. The recent and unpredicted spasm of violence has led to reassessments in many Arab and West-In both cases, observers said, the that expects its husiness to almost ern capitals of Iran's intentions. expectation among policy makers double this year. They want the of the conservative vote. In the view of many analysts, Tehran's leaders focus their rhetornot confront U.S. military power ical energy against external directly in the Gulf. In both cases "threats" to divert the attention of U.S. officials miscalculated. their 49 million citizens from the

BRIEFS

tions in Territor act allowed Palestinians in the to leave their homes on Sacretime in a week time in a week somes on see strictions imposed last week strictions imposed last week literature that been relative can military commander of the literature that so of the 100,000 laborature to stor a week were lifted, as well and a strict of a less than a strict of the literature to stor a week were lifted, as well a laborature of a less times.

ATO on Soviet The U.S. secretary of state General Adams to address North Adams in the two days of meeting in the capital of the Georgian Rept and not produced decision for as Samrday after visiting to

s was reached.

Ba Sanurday after visiting kiers, publics. In Kiev, capital of telling of religious faith when he attended a cathedral server; of Georgy, the local panon server.

Philippines Official common tried to ambush the formula U.S. Subic Bay Naval Station to bodyguards, officials and a fire Saturday on a motorate approached his residence in Book at less than 70 kilometers (0 mathematics said. retoria Protest R

s) — More than 500 people de-gainst anti-apartheid action visit and alleged torture of childran. ly Saturday on the Johannesbuik terstand was the first public man-since Pretoria effectively hamei wuary.

nember of the Detaines Panel up to 40 percent of the people of under and included some as we work to 3,000 now under determing to

ested two leftist mayors in tree official said Saturday. routine physical examination adwhich showed any problem to

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EL UPDATE

Smokers Go With

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LA NOUVELLE EAU DE TOILETTE POUR HOMME

#### **AMERICAN TOPICS**

Traveling Nurses Help Ease Shortage

The nursing shortage has spawned a growing industry of traveling nurses, nurses-for-hire who crisscross the United States bospitals, typically working three months at one hospital before moving on to the next, The New York Times reports.

Nurses with a desire to travel can name where they want to work and when, following their wanderlust and the changing seasons. Their housing and traveling expenses are paid for. Traveling nurses generally are paid what staff nurses make, \$13 to \$22 an hour for a 40-hour week. In some cases, they receive bonuses of up to \$5,000 when they complete their stint.

A new group of agencies devoted exclusively to placing traveling nurses has emerged, recruiting norses nationwide and matching them up with hospitals across the

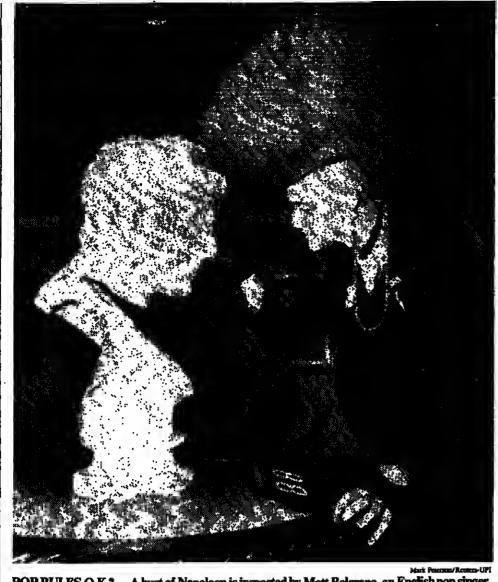
So far traveling nurses account for only 6,000 to 25,000 of the two million nurses nationwide, and a tiny fraction of any single hospital's nursing corps. But for hospitals facing crippling short-ages, it is worth paying as much as twice the total cost of a staff nurse to hire an experienced traveler to fill in — the cost including not only the nurse's salary and expenses but the agency's commission.

"The travelers are an important resource," said Karen G. Barnes of the American Nurses' Association. "Without them, some rural hospitals in places like Texas, Oklahoma, Colorado and New Mexico simply could not

#### Notes About People

Orval Faubus, the former Arkansas governor who tried to keep Central High School in Little Rock segregated in 1957, now says he supports the Reverend Jesse L. Jackson, the black candidate for the Democratic presidential nomination. Mr. Faubus, now 78, said he likes Mr. Jackson because he is focusing on issues that affect millions of people and because his campaign is more lively than those of the other Democratic candidates.

Doug Williams, the black quarterback who was voted the most valuable player in the National Football League Super Bowl on Jan. 31 for leading the Washing-



POP RULES O.K.? —A bust of Napoleon is inspected by Matt Belgrano, an English pop singer, in New York before the start Saturday of a 10-day auction of the collections of the artist Andy Warhol. More than 10,000 items, including paintings, furniture, watches and clocks, are being put on the auction block. The first session fetched \$994,074, double the estimate of Sotheby's.

ton Redskins to a 42-10 victory over the Denver Broncos, has established a foundation. He hopes to raise around \$300,000, much of which will be coming from his own pocket, for scholarships, drug abuse counseling and stayin-school programs for Washington-area schoolehildren, The Washington Post reports.

Princess Ileana of Romania, the last surviving offspring of King Ferdinand and Queen Maria and a great granddaughter of Queen Victoria and Czar Alexander II of Russia, has stepped down as abbess of the Orthodox Monastery of the Transfiguration in Ellwood City, Pennsylvania. At 78, she remains there as the Reverend Mother Alexandra. The sister of King Carol and the wife of an archduke, she was exiled which profiles fugitive criminals, with the rest of the royal family But the owner, the Australian en-

by the Communist regime in 1947. At 52 and the mother of six grown children, she founded the first English-speaking Orthodox monastery in the United States in 1961. She said her royal background helped her cope with mo-nastic austerity: "As a royal per-son you have to he very disciplined."

#### **Short Takes**

Fox Broadcasting Co.'s fledg-ling network, the fourth nation-wide commercial network in the country, lost \$75 million in its first year but has no plans to quit. It has originated two highly suc-cessful new shows so far, "21 Jump Street," about undercover agents in high school, and "America's Most Wanted," which profiles fugitive criminals.

trepreneur Rupert Murdoch, has good reason to hang on: The new network can provide programming for the seven independent television stations be owns.

Asking for "Naughty Mariet-ta," a 1935 golden oldie, at a video club, Christopher Cortis was asked by the youthful clerk, "Is it a porn movie?" Mr. Curtis, 58, told The New York Times's 'Metropolitan Diary" column that "I attempted to enlighten him on the subject of Jeanette MacDonald-Nelson Eddy operettas. As it turned out he did have the video cassette, and I, of course rented it with keen anticipation. The only trouble was that I left the store feeling a lot older than when I entered."

Arthur Higbee

#### Congress Will Uphold Trade Veto, Reagan Says

By Paul Taylor Washington Past Service
PHILADELPHIA — Together

they had endured about 40 multi-ple-candidate dehates in eight

months, and now the Democratic

But it was the Massachuse

off against one another.

ding love feast.

stance runner

over to Mr. Jackson, who was seat-ed beside him, and, in a mock-

conspiratorial stage whisper, asked: "Are you interested? Talk to

Mr. Jackson erupted in laughter, elbowed Mr. Dukakis in the ribs

and shook his hand. The audience

Mr. Dukakis was so pleased with

the response — usually it is Mr. Jackson who wins over the audi-

ence with his stage presence — that

when the question came up again a

half-hour later, he re-enacted the

gag before setting forth his "seri-ous" response: It is premature to

consider such matters and nobody

Mr. Jackson came into the de-

bate the underdog in the two-man race. His advisers had hoped he

would use the occasion to begin

drawing sharp contrasts with Mr.

Dukakis over their domestic priori-

ties. But Mr. Jackson held back,

choosing instead to sound notes of

"Any combination onstage to-

night," he said, "will beat the Re-

publicans." Later, he added that,

however it goes at the national con-

vention, "we will act as a unit to

send the Reagan-Bush forces back

The comments seemed designed

to send a signal that Mr. Jackson has no intention of withholding his

support from the Democratic ticket

this fall, whether he is on it or not.

came after Mr. Dukakis vowed that

as president he would be "tough on

terrorists" and strike terrorist

camps militarily if necessary.

The only moments of contention

conciliation.

to private life."

is yet "ruled out or ruled in."

By Julie Johnson New York Times Service WASHINGTON - President Ronald Reagan, who has steadfastly opposed the comprehensive trade bill that is scheduled for a Senate vote Tuesday, has predicted

that his veto will be sustained. "Tve made it clear to Congress ! will veto this bill, and I'm confident that my veto will be sustained," Mr. Reagan said Saturday in his weekly nationwide radio address. Then I'll work vigorously to secure responsible trade legislation and urge the congressional leadership to schedule prompt action on the new bill."

Throughout the past week Mr. Reagan escalated his rhetoric on the trade bill as the legislation passed the House of Representatives by a 312-to-107 vote. Although that vote was more than enough to override a veto, the president asserted that the measure would "damage our ability to compete with our trading partners."

"Everyone talks about wanting a level playing field," Mr. Reagan said in the speech, broadcast from Camp David. "But what Congress would be doing is putting Ameri-can workers and industries on the field with one hand tied behind

Senator Robert C. Byrd of West Virginia, the majority leader, responding to the speech, appealed to Mr. Reagan to sign the bill.

"Mr. President, at the 11th hour,

don't turn back the clock," Mr. Byrd said. "We need new policies, not old politics. Put away your veto pen. Mr. President, sign the trade bill when it comes to your desk."

Senate leaders have warned the administration that a presidential veto, despite Mr. Reagan's insistence that he would sign a more acceptable bill, would probably end any chances for trade legislation this year.

Administration opposition to the measure, the most ambitious overhand of federal trade law in 14 years, centers on a provision that requires businesses with more than 100 employees to give workers 60 days' notice before large-scale layoffs or factory closings.

This provision is among the features that the president characterized as unacceptable. He asserted that the plant-closing provision has remained in the 1,000-page bill only because Congress has caved in to pressure from organized labor.

Mr. Byrd said the plant-closing provision was "one small section to protect workers from suddenly being laid off without notice."

He summarized the administration position in terms of fairness. job. Is that fair? Of course not."

Of Rights Violations

#### kakis spoke only of tougher eco-nomic sanctions. Mr. Jackson said after the debate that Mr. Dukakis had not been "consistent." Whether Mr. Jackson can win in Pennsylvania, where 17g delegates

Party's two surviving presidential candidates, heading into the Pennsylvania primary on Tuesday, finalwere getting a chance to square are at stake, appears highly doubt-ful. Most polls show him running The result was a laughing, kidfrom 25 to 35 percentage points behind Mr. Dukakis. The Reverend Jesse L. Jackson

set the tone of the debate on Friday, sponsored by the Pennsylvania Democratic Party, by raising the hand of Governor Michael S. Dukakis in a gesture of unity and victory as he strode onto the stage. governor who managed to deflect the evening's most delicate issue with an answer that tickled and committed to one of those candidisarmed listeners, even his oppo-

The question was whether Mr. Jackson would expect to be asked to accept, and whether he would accept, the vice-presidential nomination if Mr. Dukakis wins the presidential nomination, as most political observers believe he will. in only eight of the 23 districts. "It is a bit premature to be giving

At a debate on Saturday, Mr. ing into the last lap, and I'm a long-Dukakis did not take up a challenge from Mr. Jackson to "put Stance runnes.

Then came Mr. Dukakis's turn.

With exquisite timing, he leaned

When Mr. Jackson asked whether he would take military action against South Africa, which he described as a terrorist state, Mr. Du-

It could be even more lopsided in the fight for delegates. Pennsylvama is one of a handful of states that awards delegates on a winner-takeall basis by congressional district; most others award them on the basis of proportion of the statewide vote. In addition, voters select a candidate in a nonbinding contest but then vote for slates of delegates

Mr. Jackson's delegate slates are expected to carry two predominantly black districts in Philadelphia and one in Pittsburgh; they could be shut out in the other 20 congressional districts. The campaign has filed full delegate slates

out coronation roses for the gover-nor and taps for me," Mr. Jackson replied, dead earnest. "We're mov-■ Conflict on Budget

Between Jackson and Dukakis some money on the table" to pay for expanding domestic programs.

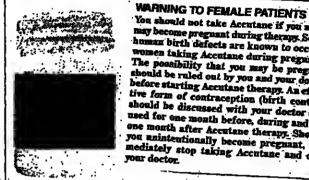
The New York Times reported.

from Munhall, Pennsylvania from Munnan, remayivation Mr. Dukakis kept talking about how much he agreed with Mr. Jaskson, stressing his commitment to the goals Mr. Jackson had outhied but avoiding the financial backing but avoiding the financial backing Mr. Jackson had sought.

■ Dukakis Scores in Kan Senator Albert Gore Jr., who has suspended his campaign for the Democratic nomination, gained slightly in the delegate race at the expense of Mr. Jackson as Kanas. Democrats elected national delegates at district conventions Saturday. The Associated Press reported from Topeka, Kansas.

But the big winner was Mr. Dukalis. Of 26 delegates elected, he claimed 12, Mr. Jackson seven and Mr. Gore five, with two others elected as uncommitted. Mr. Gore was only expected to win three. The breakdown will dictate how 13 more Kansas delegates are elected at a meeting of the Democratic State Convention on May 14.

Mr. Dukakis will claim seven of those 13, for a total of 19. Mr. Jackson and Mr. Gore, of Tennessee, will split the other six, giving Mr. Jackson a total of 10 and Mr. Gore eight. Had Mr. Gore not done as well at the district conventions Mr. Jackson would have expected to win the other six.



You should not take Accutance if you are or may become pregnant during therapy. Severe human birth defects are known to occur in women taking Accurane during pregnancy.

The possibility that you may be pregnant should be ruled out by you may your doctor before starting Accurane therapy. An effective form of contraception (birth control), should be discontraception (birth control). should be discussed with your doctor and used for one month before, during and for one month after Accutane therapy. Should you anintentionally become pregnant, immediately stop taking Accutance and call

NAS

STATE OF THE STATE

#### Maker of Acne Drug Disputes U.S. Report

By Philip M. Boffey New York Times Service

WASHINGTON - Hoffmann-La Roche Inc. has asserted that an estimate by government scientists that 900 to 1,300 babies have been born with birth defects caused by the popular anti-acne drug Accutane in recent years was "flawed" and "essentially meaningless."
"We refute their data," said

Carolyn R. Glynn, a spokeswoman for the company, which manufac-tures the drug. "We think their study is invalid. When we go through the same calculations we don't even come close to their num-

At the same time, the company said that it would propose what it

of fetal exposure. of fetal exposure.

The company said it would propose "tighter restrictions on the use of the drug in women of childbear-ing potential," changes in packag-ing "to insure that female patients In Panama, a government spokesman, Boris Moreno, said that Americas Watch "only interreceive the pregnancy warning with every prescription," and an exten-sive educational program about the

dangers.

The drug already is dispensed with strong warnings against its use by pregnant women or women who might become pregnant. But gov-ernment experts believe that thousands of women have taken the drug while pregnant, despite the

General Noriega said Saturday he could retire at any time but not be attributable to the use of Accutane by pregnant women would be closer to the number officially reported to the Food and Drug Administration, Ms. Glynn said. That total, since the drug was licensed in 1982 is 62

Hoffmann-La Roche said it had prepared an extensive rebuttal to a confidential memorandum by staff members of the drug agency that was reported Friday by The New York Times. The report concluded that the drug was causing far more damage than was reflected in official reports to the government. It also said the drug was being vastly overprescribed to women who have safer alternatives.

The company said it would offer to pay for pregnancy tests and counseling about contraception for all women for whom Accutane is prescribed, in an effort to encourage both doctors and patients to avoid exposure to the drug during The government memorandum.

which was prepared by three epide-

miologists at the federal agency, concluded that Accutance caus 900 to 1,300 "severe birth defects" from 1982 to 1986, 700 to 1,000 spontaneous abortions, and 5,000 to 7,000 deliberate abortions by. pregnant women who feared that the drug would deform their fetus-

The memorandum also estimated that 97 percent of the women-who receive the drug do not have the kind of very severe acne for which the drug was originally intended. It recommended that the agency consider removing Accutane from the market.

A spokesman for Hoffmann-La Roche said the company had not disclosed its rebuttal of the Food described as far-reaching and Drug Administration analysis changes in the way Accutane was distributed to minimize the chances with government officials that the issues would be discussed at a meeting of an expert advisory committee scheduled for Tuesday.

On Friday, officials of the drug agency and the Centers for Disease Control declined to discuss the issue further pending full review at the meeting on Tuesday.

The drug, whose generic name is isotretinoin, was approved by the agency in 1982 for the "treatment" of severe, recalcitrant, cystic acne unresponsive to conventional therapy, including systemic antibiotics." Such acne is characterized by deep, inflammatory cysts in the skin that can leave significant scars

#### Ford Foundation To Finance Care For AIDS Victims

New York Times Service
NEW YORK — The Ford Foundation is to announce Monday a major effort to finance care for people with AIDS and to assist their families.

Other philanthropies and corporate donors are joining the foundation in setting up the National-Community AIDS Partnership, which will channel funds to hundreds of local organizations around the United States, many of which are struggling with fragile financing to provide housing, day care,

counseling and other services. The partnership also will finance preventive education to care the spread of AIDS, or acquired in mune deficiency syndrome.

Initially, the Ford Foundation will contribute \$2 million to the

partnership. Smaller sums at the outset are coming from other philamthropies in the national partnership. ship: the Kaiser Family Founda-tion, \$200,000; the Rockefeller Foundation and Gannett Founda-tions, \$100,000 each; and the Xerox Foundation and the Aeina Life and Casualty Foundation, \$50,000 cach annually for two years.

WORLDWIDE ENTERTAINMENT RELAX IN THE BUSINESSMAN'S CABARET CLUB OPEN 8 P.M.-3 A.M. MONLFRE 4 Ma Street, Mayleir, W.1. PHONE: 01-629 2042 ((

#### Lord Ramsey, Ex-British Primate, Dies British troops to overthrow the white-minority regime in Rhodesia. Earlier that year, he caused a furor when be expressed strong support Durbam University in England. A correctly in the army leading are that he is about 10 leaves and 10 leaves a leave to the big guys, but it is not Congress, Nov. 7, 1944, he was a fort a bill to repeal criminal penals.

LONDON - Lord Ramsey, 83, the former archbishop of Canterbury, died Saturday in Oxford, the Anglican Church announced. He had been ill with bronchial pneumonia for several weeks.

#### **Ecumenical Leader**

By Dennis Hevesi

New York Times Service 1974. In 1966, as part of travel to promote the ccumenical movement, he went to Rome and paid an ties with the Roman Catholic 22-Term Congressman official visit to Pope Paul VL And pied the pulpit of the Roman Cath-

olic Church in Manhattan.

Lord Ramsey was the 100th primate of the Church of England since Henry VIII broke from the Catholic Church in 1534. Upon his considered to strike three blows retirement, he was made a life peer, and took the title of Lord Ramsey of Canterbury.

nial occasion to strike three blows with his staff on a cathedral door, farmess and integrity, as well as by the door splintered.

Esteemed by his colleagues for farmess and integrity, as well as by his constituents for service to their

for a bill to repeal criminal penalties for private homosexual activity between consenting adults.

home, a former lord chancellor, that some forms of bomosexual bedistinction."

Despite his attempts to foster Church, he criticized the pope's en-

Anglican communion had occu- Ramsey attacked apartheid, saying chairman of three important conthat "it is being increased by more

would be Christian justice in using ish. In 1939 and 1940, he served as Committee on Atomic Energy and

During the debate, be vigorously Lord Ramsey returned to the city for him, promoted him to sergeant

disputed an argument by Lord Dil- of Durham as bishop. But even after he rose to that rank, and later when he was arch-As the Most Reverend Arthur should be punished. The archbishas he had in Liverpool, in shedding Michael Ramsey, he headed the op, going into clinical detail, said his robes and popping into pubs to Anglican Church from 1961 to that he could see no big moral lift a few with the workers.

Melvin Price of Illinois. WASHINGTON (WP) - Rep-

in 1972, he preached at St. Patrick's cyclical against birth control.

Cathedral in New York City, the first time a leader of the world's fore a trip to South Africa, Lord mer sportswriter who served as gressional committees during a 22term House career, died Friday in the hospital at Andrews Air Force Base near Washington. He was 83. Mr. Price had pancreatic cancer,

diabetes and arthritis. of Canterbury.

In 1965, he outraged some conscription of Lord Ramsey, born Nov. 14, district, Mr. Price had served as the servatives when he declared that 1904, in Cambridge, began his caumder certain circumstances, there reer as a priest in a Liverpool par
committee and as head of the Joint Cambridge and Atomic Preserve and

decade later, he returned to Cam-bridge as regius professor of divin-ples on KP duty. On learning of his ity, a royal appointment. In 1952, election, his commander sent a car In 1975, reflecting the new indeendence of the post-Waterstee

Noriega Forces Accused and gave him a discharge.

pendence of the post-Watergate Congress, the House Democratic Caucus toppled the chairman of the Armed Services Committee, Representative F. Edward Hebert, Democrat of Louisiana, and named Mr. Price to succeed him.

Ten years later it was Mr. Price who was deposed. He was known as a strong supporter of the mili-tary establishment. Some Democrats felt that he was too hawkish to represent them.

Other deaths:

Irene Rich, 96, an actress who played Will Rogers's nagging wife man rights monitoring group, said in several films before becoming a Sunday that much of the mistreat-John" program during World War II, of heart failure on Friday in Santa Barbara, California.

John S. Radosta, 74, who spent 38 years with The New York Times as a photo editor and reporter, of lung cancer Saturday in New York.

## WASHINGTON — The forces commanded by General Manuel Antonio Noriega have shot, beaten and intimidated protesters since the Panamanian military leader has come under pressure to resign, according to a human rights report. However, Americas Watch, a human rights report. However, Americas Watch, a human rights report.

By Dennis McAuliffe Jr.

Washington Post Service
WASHINGTON — The forces

protests and strikes in an attempt

to overthrow the general, who as commander of the National Defense Forces is the de facto ruler of General Noriega's supporters, including soldiers and riot police-

men, responded to the demonstra-tions with "a level of force which bore no relation to the threat," the rights group's report said. "However," it said, "the general's departure would not by itself resolve the country's endemic political problems or end its human

rights violations."
It added: "While some abuses such as shooting, beating and jailing of demonstrators — would naturally end once the object of the protests, General Noriega, had departed from the scene, others will only be eradicated as a result of legislative reforms coupled with bold actions by a government committed to protecting human rights."

■ Noriega on Retirement necessarily soon, Reuters reported from Panama City.

The general told the newspaper Estrella de Panama that a timetable for his retirement was "full of

"General Noriega could leave from today, tomorrow, Aug. 12, Nov. 3, Dec. 16 or Jan. 1, 1989," he said of himself. "The calendar is open and full of dates." He did not comment on a reported meeting recently with a U.S.

State Department envoy, Michael G. Kozak, and a military spokes-man declined to confirm that it took place. Opposition sources and political observers have reported moves toward negotiations all week, and

some said that General Noriega had made personal contact with opposition leaders. "Everybody is talking to every-

body but no one really knows what it means," said one observer.

INTERNATIONAL	POSITIONS
You will find below a listing of	

last Thursday	under the rubric in	ternational Positions.
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INT'L SALES ENGINEER		Intel Corporation.
SENIOR SALES EXECUTIVE	US\$75,000	Reuters.

If you haven't seen last week's INTERNATIONAL POSITIONS rubric, please ask for a free copy: Max Ferrero, INTERNATIONAL HERALD TRIBUNE, 92521 Neuilly Cedex, France. Tel: (1) 46.37.93.81. Telesc 613595

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By Agis 5.
New York —
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some money on the table of corporating domestic of the New York Time population Munhall, Pennsylvana Mr. Dukakis kept taking the son, stressing his committee the goals Mr. Jackson had only the Jackson had sought Mr. Jackson had sought Mr. Jackson had sought Dukakis Score :

m Dukakis Scores in La Senator Albert Gory, when suspended his campaign for a singlety in the delegate for the capense of Mr. Jackson as the capense day. The Associated Property of From Topeka, Kansas But the big winner was M. I kakis. Of 26 delegate detail claimed 12. Mr. Jackson seat Mr. Gore five, with 180 the elected as incommitted Mr. Gore for the claim of the claim o

was only expected to win the breakdown will dictate to oreakdown will distant for the last of the

as well at the district contains Mr. Jackson would have the to win the other six NING TO FEMALE PATIENTS

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A spokesmen for Holling Ruche said the company is disclosed us rebuild of fel-323 Drug Administration and chieg. Thursday because it had so with government officials issues would be dispused meeting of an experiations matter schoduled for Turky On Friday officials of Big

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agency and the Centersfulls Control declined to distrib the further pending fall me Brient M ATT the meeting on Tuesday The Live whose general CUET. with the way approved to Electrical 1982 for the man of State recalculate out SPERSON auto bacere to consume ditto ass actual systems at KE BAD. 128. Such acts is character deep informator oxi M. There Men size pite the

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#### Afghan Leader Seeks Improved U.S. Ties, Pledging Compromise

By David B. Ottaway

Washington Post Service KABUL Afghanistan - Presitient Najih of Alghanistan appealed Sunday to a visiting delegation of Americans to help improve relations between his government and the United States but offered to accept a cutoff of Soviet military and to his regime only if Washington would end its own similar assistance to Pakistan.

. In a two-hour session with the Americans at the presidential palace, Major General Najib argued for improved relations with the United States and sought to con-vince them that he is ready "for any kind of compromise to bring about national reconciliation with the U.S.-backed Afghan resistance.

Among the compromises be mentioned was the return of the former king Mohammed Zahir Shah, who he suggested could play the role of "a railying point" for a broad-based government including the leaders of the Afghan resistance seven faction alliance.

"All the conditions are not pre-

sent and f think the Americans could play a great role," he said. "We want to live in friendship with the United States of America without losing any element of our friendship with the Soviet Union."

Robert E. White, leader of the U.S. delegation, replied at the end of General Najib's 80-minute address that there would have to be fundamental changes in his government before that was likely to take place. He said the president's party, the People's Democratic Party of Afghanistan, was only "one part" of the Afghan political equation and that there would have to be real power sharing with the Afghan resistance before there could be bet-

ter U.S.-Afghan relations, Mr. White spoke shortly after radio reports reached Kabul from Peshawar oo the Afghan-Pakistan border, that Afghan resistance forces last week had forced the Afghan Army to withdraw from an important garrison at Barakot on the border with Pakistan. The garrison sits astride an infiltration

route used by the guerrillas. Asked about the reports as the U.S. delegation was leaving the palace, General Najib did not deny them but sought to play down their importance saying such losses happen from time to time" in warfare and that Barakot was just "a

professional military issue."

Mr. White told General Najib that most Americans did not accept his notion of national reconciliation that was "dictated from above" by his party.

Mr. White said: "A new begin-

aing is required. The parties must tive power they command in the The session with the president

was the climax of a weeklong visit to the Afghan capital by 12 AmeriCenter for Development Policy, which organized the trip with the Soviet Academy of Sciences. General Najih went to great lengths to try to convince the Americans that be was ready for

compromise. In answers to written questions submitted earlier, General Najib also said the accords signed April 14 in Geneva providing for a Soviet troop withdrawal "open the way for normalization of relations between Alghanistan and the United States of America for which the Afghan side cordially strives."

He also appealed to U.S. distaste for Iran's Islamic revolution and its religious extremists, asking the Americans what they thought "the consequences of the emergence of another Iran in the region" would

General Najih rejected the idea that the Soviet Union should end its military supplies to his regime after its withdrawal even if the United States stopped its arms to

Instead he asserted another concept of "symmetry" saying it should only be considered on a government-to-government basis



with Soviet aid to the Kabul gov.

Afghan soldiers leaning against a wan in hand of the Afghan to Pakistan.

Afghan soldiers leaning against a wan in hand of the Afghan to Pakistan.

Afghan soldiers leaning against a wan in hand of the Afghan to Pakistan.

#### Gorbachev's Reforms Face Problems As Economy Sags, U.S. Study Says

By Celestine Bohlen

Washington Past Service
WASHINGTON — The Soviet economy took a sharp downward turn in 1987, signaling trouble ahead for Mikhail S. Gorbachev's ambitions reform program, according to a study by U.S. intelligence

The annual report by the Central Intelligence Agency and Defense Intelligence Agency to the congres-sional Joint Economic Committee concluded that with growth rates leveling off to almost zero, the Soviet Union has slipped back to the conditions of economic stagnation that prevailed before Mr. Gorbachev took power three years ago.

The report, released Saturday, warned that the economic slowdown, which coincides with an increase in demands on the nation's labor force, could pose political and social problems for the Soviet leadership.

Whatever direction Gorbachev follows, we believe that if the econcontinues to perform poorly in the next few years, tension within society and the leadership will increase," the report said. It predicted that bereaucrats, consumers and military leaders would be among the malcontents created by the Washington-based International pressures of the reforms.

opomistic picture presented in a similar study a year ago when the intelligence ageocies concluded that Mr. Gorbachev's reforms were

showing initial success, But the 1986 spurt in economic growth, estimated at more than 4 percent, was followed by a sharp slump in 1987, according to the study. The Soviet economy last year grew by only 0.5 percent, the report said.

The Soviet leadership "had hoped that a strong ecocomic performance last year would provide a firm foundation for the future development of Gorbachev's economic program, but this did oot occur," the report said.

The reforms themselves, in particular a tough oew quality control agency known as Gospryomka, are in part responsible for the disap-pointing results in 1987 although last year's harsh winter also played a role. Gospryomka is empowered to reject goods that fail to meet standards at 1,500 Soviet enterprises, covering about 20 percent of

industrial production. Some Soviet and Western economists have argued that a slowdown in growth rates was inevitable if Soviet producers were to improve daily lives.

mance contrasted sharply with the cording to the study, last year's statistics, as well as Soviet press reports, do not suggest any tradeoff in growth for quality as yet.

pay structures, an emphasis on decentralization, layoffs in the vast bureaucracy — also hurt performance last year by sending out cooflicting signals to local managers and offering little real incentives to the workers.

Shortages of consumer goods, reduced job security and widespread concern over potential increase in consumer prices are un-

the study said.
It added: "The real loser in 1987 appeared to be the consumer who oow three years into Gorbachev's ecocomic program - has seen almost no increase in his stan-

dard of living." The report's more pessimistic tone this year matches the prevailing view inside and outside the Soviet Union that Mr. Gorbachev's program is entering its most critical phase. Although a new openness in culture and the press have produced a more vigorous public debate, the reforms have yet to produce any real change in people's

#### In India, a Showdown With Sikhs Nears

By Richard M. Weintraub

AMRITSAR, India - The conflict between Sikh militants and the lodian government over the future of Punjab State has taken more than 760 lives this year, and both sides appear to be arming politically and with oew weapons for a major showdown.

Business and civic leaders in Amritsar, the site of the holiest of Sikh shrines, the Golden Temple, speak ominously of an atmosphere similar to that in the early months of 1984, when Indian Army troops finally invaded the temple grounds to root out well-armed militants.

It ultimately led to the assassina tioo of Prime Minister Indira Gandhi by her Sikh bodyguards and then to retaliatory riots in New Delhi and elsewhere in which hundreds of Sikhs were killed.

In the countryside around Amritsar, the fear of the militants, who speak uncompromisingly of their goal of an independent state called Chalistan, is forcing hundreds of villagers to seek refuge as gunmen wipe out whole families nightly.

Sometimes the victims are Hindus whom the Sikhs are trying to drive out of the area; sometimes they are Sikhs accused of collaboration with the police or of failure to support the Sikh cause. Nishan Singh, 22, has been flee-

ing from the militant gunmen for more than six mooths, during which time he has seen his brother. father, mother and three other relatives gunned down.

It began when someone in his native village, in the countryside east of Amritsar, accused his broth-er-in-law, who was once with the militants, of being a police informer. First the brother-in-law was shot and then, on Feb. 5, gunmen came to their house while he was away and killed his mother, father and three other relatives.

Today, Nishan lives with his wife, sister and two children in the ashram of the Radha Soami sect in Beas along with more than 850 others who have fled there for their

Ram Prakash and Satya Devi fled to the ashram along with their three daughters-in-law and a half dozen grandchildren after gunmen came to Jadha village on March 3 and systematically rouoded up Hindus and shot them to death. Three of those killed were the sons of the elderly couple.

Such incidents occur almost daidercuttion the prospects for ly and have sharply pushed up the improved worker productivity," death rate in Punjab. The rate is likely to be double last year's toil of

> Adding to the fears of officials and villagers is that the militants oo longer come armed with old-fashtooed single-shot rifles or Sten guns. Now they brandish the standard weapoo of insurgents world-wide, the AK-47, an effective semi-with explosives.

automatic weapoo introduced by the Soviet Union and now also

lo one recent incident, anti-armor rocket-propelled grenades were fired at a police post, indicating another major weapon in the arsenal of the militants.

Indian government officials io New Delhi and police officials in Amritsar say they have proof that Pakistan is arming the militants with their oew firepower, and there are plans under consideration to try to seel the border between the two countries. Police officials in Amritsar, however, acknowledge that it will be a difficult task.

They now have rocket launchers, grenades, even medium and light machine gums," said an Am-ritsar police official, who asked not to be named. "We think that more than 1,000 new weapons have come into the country in recent weeks." "The most disturbing thing

now," he said, "is the Pakistan element. The militants would like to compromise. The government would like to compromise, but the Pakistan element does oot." The official was echoing a common theme in India of blaming Pakistan whenever events seem to be getting out of cootrol.

Pakistani officials just as consistently reject any such accusations. Inside the Golden Temple, there is little reflection of the police offi-cial's suggestion of a willingness to

compromise. Where only eight months ago young militants moved furtively from room to room inside the large complex, today hlue- and yellow-

Sri Lanka Says

Leftists Blew Up

A Major Armory

COLOMBO - Leftists dressed

in airmen's uniforms blew up an

armory during a raid on a major Sri Lankan Air Force base before sol-

diers killed seven of the attackers,

the police and government officials

Police and Defense Ministry of-

ficials said Saturday that four air-

men were killed during the raid

Friday at the Katunayake Air Force Base, 30 kilometers (18 miles) oorth of Colombo.

from the ontlawed Janatha Vi-

mukthi Peramuna, or People's Lib-

eration Front, which opposes the

accord signed last year by Sri Lan-ka and India to end a rebellion by

Officials said a force of 30 to 50

leftists armed with automatic rifles

carried off 28 Chinese-made rifles

and a light machine gun from the

Tamil separatists.

Police said the attackers were

time, adopting tough laws to deal with unrest bordering on insurgency in Punjab. After overthrowing the elected government of Surjit Singh Barnala, who represents more moderate Sikh opinion, and installing

of the militant organizations.

before of a politician of Prime Min-

ister Rajiv Gandhi's Congress (I)

Party in Kanpur, in Uttar Pradesh

State, who is said to have been

behind anti-Sikh nots there in

Defiant, uncompromising and

totally willing to use the gun, Mali-kiat Singh said simply, "Our strug-

gle will continue until we get Khalistan."

In New Delhi, Mr. Gandhi's gov-

ernment suddenly seems to have reacted to the cascade of killings.

making apparent concessions to Sikh militants and, at the same

Delhi.'

central government rule in Punjah the Gandhi government last month began releasing leaders of militant parties arrested under anti-terrorist laws, some of whom had been imprisoned for years.

لمكذا من ألاصل

robed men openly carry automatic

The releases appear to be deweapons and display maps of Khasigned to fill a leadership vacuumistan that embrace oot only Puoamong Sikhs with people the govjab but almost all of lodia. ernment hopes will be more amena-"We are not free here; we are

ble to compromise. slaves," said Malikiat Singh Aj-■ 13 Killed in Punjab

nala, 25, who identified himself as a Suspected Sikh militants shot licutenant general of the Khalistan and killed 13 people jo Punjah on Commando Force, acknowledged Sunday, prompting a new police by all sides to be the most powerful alert, according to news reports and the police. The Associated "Our main aim now is to liqui-Press reported from New Delhi.

date the Punjah police," he said, and those who in 1984 humiliated Sunday's slayings brought the total oumber of people killed in Sikhs at the Golden Temple and in violence blamed on Sikh radicals to at least 30 since Friday. He said his group had been re-sponsible for the killing the day

#### Plane Crash in France Kills 8

LENS, France - Eight persons died and two were seriously injured Sunday when a plane carrying parachutists crashed in northern France, emergency services said. The light plane crashed while attempting to take off from Lens Airport, they said.



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Herald Eribune

#### Algeria Rejects Criticism of Secret Deal the conditions under which the cri- from murderous violence," the then traveled overland from Syria

Daedalus 88, a human-powered ultralight aircraft, over the Aegean during its record-breaking flight from Crete to Santorini.

Greek Sets Records for Human-Powered Flight

lightweight plastics, crash-landed after en-countering headwinds as it was making its final approach to the black sands of Perissa

Beach. The plane took it name from the

ancient myth of the inventor Daedalus, who was said to have flapped wings of leathers

and wax across the Aegean from Crete to the

Greek mainland to escape imprisonment.

Mr. Kanellopoulos's flight, which lasted 3

hours 54 minutes and averaged a speed of

man-powered flight set in 1979 when Bryan

18.5 miles an hour, set three records:

ATHENS — A Greek cycling champion pedaled a lightweight plane 74 miles (120

kilometers) over the Aegean Sea between the islands of Crete and Santorini to set a world

But the 72-pound (33 kilogram) aircraft,

named Daedalus 88, was destroyed Saturday

after crashing in the sea just 10 yards (nine

Kanellos Kanellopoulos, 30, the Greek cy-cling champion for the past 14 years, was not burt in the crash. After landing, he was flown to Athens aboard an army helicopter.

record for human-powered flight.

meters) short of the landing area.

British criticism of the secret deal ooring the difficult circumstances by which Algeria allowed the hi- of humanitarian intervention." jackers of a Kuwait Airways jet to escape unpunished.

Shinister Margaret Thatcher of and particularly by the Kuwaiti monitoring events in the aftermath Minister margaret tradecast government, raises serious questof the hijacking in hopes of seizing government, raises serious questof the hijacking in hopes of seizing an opportunity to arrest and prosecular tradecast government, raises serious questof the hijacking in hopes of seizing an opportunity to arrest and prosecular tradecast government. have criticized the safe conduct given to the Shiite Moslem hijackers, wino near the jet for its days are not only its immediate maniwho held the jet for 16 days and killed two of its Kuwaiti passengers
before releasing the last 31 hostages
before releasing the last 31 hostages
causes," the statement said.

Western press reports have
ers, Emad Fayez Mughanich and

ALGIERS - Algeria sharply resis was resolved, to wage a hostile statement concluded. ALUIERO - Algeria sual pay to campaign against Algeria, while ig-

Athens aboard an army helicopter. Allen pedaled the Gossamer Albatross 22.5 The craft, made of graphite epoxy and miles across the English Channel.

"This strange attitude," a ministry statement said, "which differs Secretary of State George P. sharply from the general satisfac-shultz of the United States, Prime tion expressed around the world

against terrorism must seek to elim- tages aboard the plane held both lieved to be in Lebanon.

unharmed in Algiers on Wednes- causes," the statement said.

The state of the s

• It broke the record for straight-line hu-

The Washington Post reported

from Cairo: U.S. officials believe the hijackers are still in Algeria.

The officials are known to be Effective international action cute the hijackers. One of the hos-

Algeria refuses to allow anyone quoted sources as asserting that the Hassan Izzidin, have been in Beirut ay.

The Algerian Foreign Ministry "to fling discredit on an action hijackers left Algeria aboard a prisince several days before the inci-Inc Algerian roweign which saved precious human lives vate jet, landed in Damascus and deut ended.

to Lebanon.

powered flight, set by Glenn Tremml, a 27-year-old medical student from New Haven,

in a Daedalus 88 prototype called Light Ea-gle, which flew 37.2 miles around Edwards Air Force Base in California in January 1987.

And it broke the human-powered flight

record for duration aloft, a mark of 2 hours

49 minutes that had been held by Mr. Allen.
The flight was the culmination of a \$1 million joint venture by the Smithsonian Io-

stitution in Washington and the Department

sachusetts Institute of Technology in Cam-

A State Department spokeswoman in Washington said there were conflicting reports on the whereabouts of the hijackers, hut added, "We have seen oo indication that they have left Algeria."

U.S. officials and other diplomatic sources in the Middle East echoed that statement, saying there was no clear sign that the hijackers had returned to their bases, be-

Two men who U.S. officials suspected might be among the hijack-

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#### Herald Tribune.

#### Horror in Mozambique

Rarely does a State Department document evoke a nightmarish Conrad novel. Alas, there is nothing fictional about a new report telling how 100,000 people have been massacred in Mozambique — mainly by Renamo, a rebel group waging a bush war against Mozambique's left-wing regime. Civilians have been shot, knifed, axed, bayoneted, burned, starved, beaten, drowned and throttled. Nearly a million have fled into exile. In neighboring Malawi, 1,000 refugees arrive daily in poor health, severely malnourished, without belongings and often naked."

So writes Robert Gersony, who spent

three months interviewing bundreds of refugees. A pattern emerges. Renamo rebels first kidnap several villagers and force them to reveal where prominent citizens live. People are murdered, homes looted, schools and clinics destroyed. Survivors are herded into "control" areas, where men are enslaved and women raped. Ears, lips, noses and limbs are sliced to teach obedience.

Mozambique's government is guilty of abuses, but the refugees interviewed hold Renamo responsible for the worst crimes. "It appears that the only reciprocity provided by Renamo for the efforts of civilians is the

possibility of remaining alive. There are virtually no reports of attempts to win the loyalty or even the neutrality of villagers."

Renamo was created in 1977 by Rhodesia's now defunct white regime to punish Mozambique for sheltering leftist guerril-las. When Rhodesia became Zimbabwe, South Africa assumed sponsorship for Renamo but promised to end aid at the time it signed a nonaggression pact with Mozam-bique in 1984. Despite denials, Pretoria continues to airdrop supplies to Renamo. Incredibly, the rebels of Renamo are de-

nicted as "freedom fighters" by Senator Jesse Helms and a vociferous lobby that now includes Senator Bob Dole and Representative Jack Kemp. The Reagan administration has shown greater honor and sense, not least by detailing the truth in the State Department's report. It has also given Mozambique economic and humanitarian aid, and now Brit-

ain is providing military training.
Gestures like these help erode Soviet influence in southern Africa. But surely more can be said about Pretoria's complicity.
Why not another report exposing South
Africa's real hand in Mozambique?

- THE NEW YORK TIMES.

#### **Denmark and NATO**

A fresh sign that the ground is moving support for the security pact in question. mader Europe's traditional commitment to Surely New Zealand or Denmark or any under Europe's traditional commitment to the Atlantic alliance comes from Denmark. where a tendency to enjoy NATO's protections without accepting a proportionate share of the defense burden is finally being put to an electoral test. The left pushed through a resolution that has the effect of challenging NATO's policy to maintain a suitable discretion about which ships carry nuclear weapons and which do not. The minority government decided, bravely, that it was time to make Danes choose whether they want to be full members of the alliance or not. The issue is to be joined in a snap election on May 10.

All this recalls New Zealand, where the anti-nuclear movement put forth a position on nuclear notice which in the American judgment prevented the United States from discharging the security obligations it had undertaken in the pact binding the two countries. There is always an argument in these situations that it is better for those interested in continued close relations to yield to the prevailing anti-nuclear winds and wait for better days. But that is a line that encourages and rewards freeloading, which is objectionable in its own right and cannot fail to undermine American public

other sovereign state is entitled to decide whether it makes sense to continue old arrangements of collective security. But so is the United States. Unilateral abridgment of the terms is unworthy of all the parties and a formula for disintegration.

As unwelcome as developments are in Denmark, they represent one characteristic European response to changes of continental and even global scope. The postwar scheme in which Europeans accepted or, in the East, were lorced to accept the division of Europe, the confrontation of military blocs and the resultant political discipline has been yielding slowly and irregularly to a new pattern. This pattern is a long way from being defined, let alone constructed, but it is taking some of its shape from a diminished sense of the danger of hostile military attack across the East-West line and from an enlarged sense of the peril arising simply from resi-dence in a nuclear world and membership in a nuclear alliance. The Soviet Union, under its new leadership, is increasingly quick and smart in its appreciation of this new phenomenon. Events like the current Danish crisis call the West to catch up.

— THE WASHINGTON POST.

#### **Reagan and His Treaty** President Reagan has hailed the INF ing that futuristic weapons are indeed

Treaty as a historic breakthrough, but it could still happen that he will fail to get the Senate to ratify the treaty before his coming summit with Mikhail Gorbachev. This major embarrassment looms because to a dispute about which branch has the last word in interpreting treaties there has now been added a dispute about whether the INF Treaty covers futuristic weapons as well as existing nuclear-armed ones.

The new problem is this: The INF text, international law and the negotiating record make it clear that "all" medium- and shorter-range ground-launched weapons not mentioned because the focus was on getting rid of existing missiles, not on leaving room for exotic ones that do not exist. Nobody sought to carve out an exception for them in the negotiations (some other exceptions were made), and futuristic forms of the Strategic Defense Initiative are not affected by the INF language.

Nonetheless, the issue arose, as a result of the Senate's close reading of the INF text. The State Department promptly got the Soviet foreign minister to send a letter say-

banned. But his letter, written hastily, left a question, and the first English translation of it, made by someone in the Soviet Embassy in Washington who was not fluent in arms control argot, contained a word that created further confusion.

By Friday things were looking up in the Senate, where Sam Nunn, the leading questioner, pronounced the problem both inad-vertent and easily soluble and suggested that the administration solicit a more precise letter from Moscow confirming the nofutures understanding it says it has beld all along. No amendment, which requires rene-

If something like this is done, President Reagan could turn his undivided attention to the problem that be haplessly created by carlier insisting that, in interpreting a treaty, a president is not bound by what be tells the Senate about it at the time of ratification. Mr. Reagan's readiness to back off from that insupportable position will determine whether he will have a ratified INF Treaty in hand when be goes to Moscow at the end of May.

-THE WASHINGTON POST.

#### Other Comment

#### **Urban India at Boiling Point**

The simple truth about managing an Indian city is, "Whatever can go wrong will go wrong." In Bombay last January, a fivestory building collapsed, killing 26 people. It was more than 40 years old and desperately in need of repairs. Another 16,502 such buildings are on the verge of collapse.

In Calentta, all government offices are supposed to open at 10 A.M., but transportation is so bad that most employees trickle in about one bour late. Decay and chaos have spread to the 3,245

cities and towns that together form the rapidly exploding phenomenon called ur-ban India. The annual influx into cities of an estimated 5 million people fleeing rural poverty in search of employment has caused a fourfold increase in the urban population, from 56 million in 1951 to more than 230 million last year.

The endless stream of migrants pour into subhuman shacks and shanties, turning metropolises into giant slums. A third of India's urban population lives in ramshackle huts with pavements for toilets. Half of the populace is squeezed into one-room tene-ments or rows of apartment buildings. Public services are crumbling.

And the giant melting pot of cultures that the cities are is coming to a boil. The display of wealth by a (ew in the oridst of appailing

misery is heightening tensions. Riots break out at the slightest provocation, crime spirals and youths take to drugs.

- Raj Chengappa in India Today (New Delhi), quoted by World Press Review.

#### Carrot Season for Tehran

Iran isn't finished. Its attacks on Iraq through the north have proved highly effective, and there is always the suspicion that its lack of resistance in the south of Iraq presages a much bigger assault on the road to Baghdad through Kurdistan. Anyone who believes that it is ready at last to sue for peace is fooling himself. But it is — and is seen to be — in the throes of internal dissension. Its oil revenues can no longer fund the cost of its war effort. Its troops are exhausted.

Now is the time that the West could try and lead Iran toward peace, by offering carrots as well as sticks. This means accepting policies which neither Britain nor the United States has yet been willing to adopt: the protection of shipping by international rather than national fleets, cooperation with the Soviet Union, acceptance of Iran's rights of compensation and justice for being the initial victim of aggression in the war. For the first time in years there is an opening for a constructive policy in the Gulf.

— Adrian Hamilton, foreign editor of the Observer (London).

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#### Arms Sales: China Ought to Talk It Over

BEIJING — China's sale of medium-range missiles to Saudi Arabia touched off a furor, evidently to Beijing's surprise. The official expla-nations are resentfully defensive. They run along two lines. One is, "Why should

anybody have the right to say who can sell and who can buy weapons? The United States, France, Italy, Britain and Sweden sell weapons all around the Middle East. Why should China be excluded?" The second argument, in the words of Vice Foreign Minister Qi Huai Yuan, who is responsible for Middle East affairs, is that the sale was "welcomed by Arab states" and "contributes to regional stability."

He said that critics have "ulterior motives" in

"not onderstanding China's policy.", The mis-siles, called East Wind 3 by the Chinese and CSS-2 by Americans, were produced as nuclear launchers, the first intermediate-range missiles designed and made entirely by the Chinese. Their range is 2,500 to 3,000 kilometers, a big arc.
They are liquid-fueled, hard to prepare for use
and poor on accuracy. U.S. experts say that without nuclear warheads the missiles are not reliable

against military targets and are virtually obsolete. The Chinese say they serve only as a deterrent for the Saudis, against possible attacks from Iran.

But all the more because of their inaccuracy they are terror weapons. With beavy conventional explosives, or possibly with chemical agents, they could devastate cities. They are an escalation of arms technology in a bellicose, unstable

region and could provide another turn in the spiraling Middle East arms race. The Chinese argue that the range is not great-

By Flora Lewis

er than that of planes provided by the United States to Sandi Arabia and Israel. Of course,

States to Sandi Arabia and Israel. Of course, there is no real defense against missiles, while air defenses are well developed.

Despite its principle of sovereign freedom in arms sales, China has extracted three key commitments from the Saudis: no right of resale; only retaliatory use; no nuclear warheads, which China says it would never provide. But somebody else might one day.

Chinese officials say the Saudis are "responsible and moderate," and would not break these undertakings. Still nobody can engagantee that

undertakings. Still, nobody can guarantee that this will hold indefinitely, in all circumstances. So the sale provokes serious questions about bow such decisions are made here and about China's political criteria.

A major element is money. The military has been put in a tight budget squeeze. It comes last in the goal of "four modernizations," yet, like the Soviet military production complex, it operates with great autonomy. Military enterprises can keep all the foreign exchange they earn; others have to remit half or more to the central govern-ment. The military has made several billion dollars on arms sales, three-quarters to Middle East states, according to Western estimates. Money is not the only point. Saudi Arabia is

one of the few countries with diplomatic relations with Tarwan, not Beijing, and China would like to influence a switch. Also, China came to realize that the sale of its Silkworm

missiles and other arms to Iran upset the Arabs. It apparently thought that a better balance in its relations with Arab states could be restored by providing missiles to the Saudis.

China wants presence in the Middle East as a matter of status. Mr. Qi said that China has "no special interests in the region, but a hig country."

special interests in the region, but a big country should take a stand on these important questions"—a fairly candid admission that power prestige for its own sake is important.

Although be denied it on the record, there is gridence that the Foreign Minister was not much evidence that the Foreign Ministry was not much involved in the sale. It was initiated by the Saudi ambassador to Washington, Prince Bandar bin Sultan, who arranged it in Beijing in deepest secrecy in 1985. The United States, to its annoy-

ance, learned about it only recently.

The worrisome conclusion is that the Chinese military simply failed to consider broader political, destabilizing consequences. There is subtle evidence that in the future the Foreign Ministry will be more actionally according.

will be more seriously consulted.

That isn't good enough, given the hazards. China has reached a capacity to tip the balance in dangerous areas. Since it is determined to be considered a major power, it must be drawn into international consultations on responsibilities and

mesults of arms escalation in dangerous regions.

Mr. Qi forcefully rejected that idea on grounds
of unlimited national sovereignty. But China's interests would also be touched if conflict spread. It wants to enter the world economy and world politics. It must accept that the role it seeks to play affects the partners it needs, and take account. The New York Times.

#### West Bank: Israelis Are Determined to Keep It

By Yisrael Medad

J ERUSALEM — What do 70,000 Jewish residents of Judaea, Sa-maria and Gaza, 135,000 Jewish residents of East Jerusalem and the vast majority of Israel's population all agree on? That the "green line," the border between Israel and those areas of the former mandate of Palestine administered by Arab governments from 1948 to 1967, no longer exists. This is not a position that divides the two major political camps in Isra-el, Likud and Labor, but a shared goal

West Bank: Palestinians

Will Build a Democracy

By Ibrahim Abu-Lughod

E VANSTON, Illinois — Under a the Palestine Liberation Organiza-tion, was first acknowledged by the will be democratic and secular, Pales-will be democratic and secular, Pales-arab states at the Rabat summit in tinian Arabs and Israeli Jews will be

The West must accept a Palestinian state as inevitable. After all, the ian Arabs have created institutions

Palestinian Arabs' struggle for inde- that organize and mobilize a dis-

pendence and sovereignty is historic. persed population, nourish their

Now in its seventh decade, it pre-identity and promote the achieve-

Liberation Organization. Neither the
British denial of Palestinian Arabs' for example, the Palestine Red Cresself-determination between 1917 and

1948 nor Israel's savage repression, and Samed Enterprises (a network expulsions and attempted decapita-

Why can other countries, especial-cise mode of sharing will be freely

in the hands of others, the Palestinian neer, etc. — and in openly political Arabs in the 1960s began forging the national consensus which today un-

They insist on their right to a representatives to their principal na-

territorial and cultural identity. tional political institution, the Pal-

and its implementation by all legiti-mate means — state and individual the U.S. Congress. Its 428 members,

terrorism are illegitimate - is inter- drawn from all enrners of the world,

ly Israel, expect a democratically run decided by both peoples.

cedes the existence of the Palestine ment of their political program.

bonded in a political order not yet famed house indivisely

of both. The pivotal question in the great debate in Israel is how far to the east the "green line" will be redrawn. Most observers would agree that had the Arab states finalized the armistice agreements of early 1949 as peace treaties, an international boundary would then have come into existence. The existence of such a boundary was Egypt's major advan-tage when it engaged in negotiations with Israel over the Sinai in 1978.

experienced in the Middle East,

tion of the movement have weakened

As a community whose destiny was

That right to independent statehood

the urgency of that drive.

derlies their political action.

post-1948 governments that the areas of Judaea, Samaria and Gaza are not foreign sovereign territory. The war begun on the morrow of the 1947 United Nations Partition Plan caused that plan to become a dead letter. Therefore, hand's presence in the areas since 1967, resulting from an act of defense against an aggressive war, is not with the status of an occupier.

The perception of many Israelis is that Arab hostility to the Jewish state has little if anything to do with the nonfulfillment of a presumed right of self-determination for a "Palestin people. Israel possessed no "territo-ries" before the 1967 war, yet there was no peace. The view of most Israelis is that the enemy does not accept Israel as a legitimate political entity within any territorial dimension be-

In the struggle to translate their

vision of a Palestine shared with

Israel's Jewish community. The pre-

teacher, student, writer, artist, engi-

tine), Palestinian Arabs designate

estine National Council.

What should be recalled is that it tween the sea and the Jordan River. has been the policy of all Israel's In a region thought of as purely In a region thought of as purely Arab and rapidly becoming rede-fined as Islamic, Israel, the geopoliti-cal expression of Jewish nationalism, is seen to be unnatural. Any attempt to repartition the area would not sat-isfy the Arab world. It would jeoparthat I water's security to the extent that its future survival would be at stake. As for the formula of "territories

for peace," no one would ask what areas King Hussein of Jordan is pre-pared to yield on behalf of peace. In Anwar Sadat of Egypt, King Hussein cannot accept anything less than Israel's total withdrawal.

The fact of the late President pre-state riots of 1929 and its security demands that ary be the Jordan River.

On the other hand, a significant element in the orientation of Israel's nationalist, or nonconcessionist, camp

dered. Any withdrawal from the home-land is a retreat from the principles of Zionism. Once a momentum of reversal is initiated it becomes a rejection of the ideological base for the state of Israel. Not only was Ziomism intended to socially redeem the Jewish people, to forever alter their diaspora existence, it was also meant to assure their continued survived and to from the the

Land of Israel from foreign rule. Faced with an implacable and irrational entnity, Israel is determined to uproot terror and put down the recent uprising, a modern version of the pre-state riots of 1929 and 1936-1939. Its security demands that the bound-

The writer, a resident of Skiloh in Samaria, is an aide to the Tehiya (Zionist Revival Movement) faction in the is the belief that portions of Eretz. Knesset. He contributed this comment Yisrael, the traditional and historic to the International Herald Tribune.



open, bugely attended annual sessions. Not a single decision relating and subjugation, Palestinians are as to the Palestinian Arab people can to the Palestinian Arab people can be adopted by any group or groups secretly; none can be imposed.

state? Let me explain.

Palestinians have succeeded in maintaining their national consensus and sustaining their national activities a sustem of democratic politics.

They practice consensual politics—unique in the Arab region—in which each Palestinian, separately or organized, voluntarily participates in the political process. Organized in various unions—trade, activities are student, writer, artist, engi-The two million Palestinians who have endured Israel's military occupation since 1967 are fully conscious of the significance of post-World War II decolonization. For more than four months, those on the West Bank and in Gaza have been engaged in an uprising unprecedented in its militancy among the Palestinian Arabs to end their enlonized status and achieve sovereignty.

Consider the Palestinian Arabs' transformation in the 40 years since Israel has emerged on portions of their national borneland. They were a mainly rural people, with a modest literacy rate, who were incompetently led and out-organized and out-discinationally sanctioned.

Their right to representation by their freely designated representative, represent all social, political and plined by a determined adversary whose moral claim on the world and society. It is the most representative position in the international com-

ally accomplished as the best Arab community in the Middle East, and they compare favorably with other achieving nations.

The new state will have the heren-

lean tasks of reintegrating the dispersed Palestinian Arabs and transforming the conflict with Israel into peaceful and equal coexistence, while also contributing to the peaceful evolution of the entire region. It is funde to deny the Palestinian

western University. He contributed this comment to The New York Times.

#### political assembly in the Arab re-gion and the most deliberative in its munity gave it enormous moral, po-litical and material leverage.

Arabs their independence - and to try to frustrate an emerging demo-cratic order for all Middle Eastern peoples and states.

The writer, a member of the Palestine National Council, is a professor of political science and chairman of the political science department at North-

#### Dukakis vs. Bush: Toward a Foreign Policy Debate

WASHINGTON — The victory of Michael Dukakis in the

rightness and managerial manner is vulnerable to the double charge of being new and not fully attentive to national security issues and of representing the left (although not the extreme left) of a party whose right is in the center of the broader scheme of things. No doubt Mr. Dukakis is learning, but he still conveys a sense that it is faintly improper for his presidential fitness to be judged by

his marks in foreign policy.

In the other corner will be Vice
President George Bush, who is nothing if not seasoned and who repre-sents the mainstream of a party whose sitting leader has in important respects quietly repudiated his par-ty's hard right. But Mr. Bush is nagged by continuing questions about his involvement in the Iran-contra affair, questions that could sharpen as the campaign goes along.

Strictly from the viewpoint of lively debate, one can regret the second-place showing of Jesse Jackson in New York. It leaves him with a voice in the party, but it presumably diminishes his opportunity to inject his policy line

into the larger campaign.
His line essentially skips past the high-policy Soviet-American issues that usually dominate political proceedings and settles on the part of the world — the Third World — that is to By Stephen S. Rosenfeld

New York Democratic primary sets up a foreign policy debate.

In one corner, if the New York results hold, will be the Massachusetts governor, who for all his uptions, challenging head-on the "Rea-gan doctrine" (to which the president has never put his own name) of support for anti-Communist insurgencies. Still, Mr. Dukakis verges close enough to the Jackson Third World

> Take note of Reagan's mix of resolution and reasonableness.

emphasis (Israel aside) to make a Bush-Dukakis confrontation on these issues likely. Mr. Dukakis objected to the Grenada intervention, opposed contra aid and has had difficulty saying whether be thinks a Soviet-aligned Nicaragua would be a threat. He tends to show the liberal Democrats' distinishing reluctance to condone the use of force to support diplomacy.
In New York, Mr. Dukakis was

perhaps tugged left a bit to meet the competition of the hard-charging Mr. Jackson. Now he comes under pressure to comfort the wider swath of centrist Democrats whose support is essential if he is to have a prayer of licking Vice President Bus cking Vice President Bush. Mr. Dukakis is described as a uni-

fier who reaches out for consensus,

learning and maneuver. It may count for more that Mr. Dukakis and many other Democrats really want to win. Politics axide, the claims of sound

policy compel him to go more deeply into strategic and political issues touching the Soviet Union — and not simply to complain, unpersuasively, that Ronald Reagan has failed to push arms control strongly enough. The "new" issues —drugs, economic security — are important, but the "old" issues of nuclear security and balance of power have not lost their relevance. His dismissal of Mr. Reagan's ear-hard line as a factor drawing the

Kremlin into readiness for negotia-tions (Mr. Dukakis credits Mikhail Gorbachev's enlightenment) suggests that he is overlooking a fundamental point about why nations behave as they do. His treatment of the "arms race" as an objective force divorced from Soviet policy and power helps explain his distaste for nuclear weapons but leads him to some dubious weapons decisions — for instance, opposing Midgetman and the D-5, good second-strike missiles.

To most people, the world is not the same dangerous place that Mr. Reagan said it was in 1980. Hesitant as they are to grant that be had much to do with it, Democrats seize the politiand this may permit him to accom- cal opening. But they have a burden to

offer a full-service national security policy. In the Third World such a policy would remedy Mr. Reagan's perceived shortcomings, and in dealings with the Kremlin it would borrow from the mix of resolution and reasonableness that has brought the United States to what even Democrats now accept as a potentially hopeful pass. The Washington Post.

1888: A Way for France

PARIS - The Comte de Paris will

complete the disorganization of the country. The late striking manifestations of Universal Suffrage are the cry of France, weary of this regime and aspiring for deliverance. The movement is the natural and logical result of the violence and the same party. Nothing is more just than to claim; together with the dissolution of a discredited Chamber, the reform of a Constitution which no longer leaves the Nation the right of dispos-

gress at the Maison du Peuple voted

ing freely of its destinies."

#### Legalizing Drugs Isn't, The Way By A. M. Rosenthal

N EW YORK — Last Monday, the day before the New York primary. Jesse Jackson was winding up an appearance before an influential audience of 1,300 business people, academics, social workers and politicians, brought together by the Association for a Better New York. When it was almost over, somebody stood up and asked an important, plain, straightforward question of the candidate who has made drugs a major political issue: Since it is so obvious that we are not

You don't hear the idea defended by someone who ever loved a junkie.

winning the war against drugs, why not try legalization?
Mr. Jackson's answer was just as simple and direct as the question: You do not win a war by surrendering.

That will not stop the debate of course. The worse the casualties in destroyed lives, the more the gang murders, the deeper and dirtier the flow of corrupting drug money into governments, the more often the question comes up about drug legalization.

I assume that everybody who writes a bout drug abuse as a national crisis and letters at I do from thousands.

gets letters, as I do, from thoughtful people who believe that legalization in one form or another is the right answer. The supporters of legalization cross political lines left and right. This is the gist of their argument:

Hundreds of thousands of people are forced to break the law because society rejects their particular narcotic of choice while trail alcohol and tobacco. thundreds of multons of doilars spent on law enforcement are wasted and could be used for antidrug education. Legalization would take the profit out of the drug trade, eliminate the corruption and bring a lorume in taxes. It would not end drug abuse but it would allow us to deal? honestly and openly with a social dis-case — as we do with alcoholism or tobacco addiction, which cause far more deaths than cocaine or heroin.

There is some truth in most of the points, but when you put them all together as an argument for legalization, the whole structure collapses. The reason is that mythology and unreality outweigh the kernels of truth. And the underlying philosophy is not exactly civically inspiring: Look, narcotics are terrible, but we are not getting anywhere fighting, so why not just give in and make them legal?

Alcoholism and tobacco addiction

are indeed greater causes of death than heroin or coke. But the reason is that far more people get drunk or cough their lungs out than use "hard drugs." Just give us time and legalization; pretty soon coke and he on might kin just as many Americans. That is a peculiar objective, at exactly the time. when America is finally realizing the

horrors of tobacco and alcoholism. Fight against two drugs by legaliz-ing others? How can we continue to addiction effectively if we suddenly say that other drugs — even more dangerous — should also be made available? If you find your children drinking or smoking, you may have time to argue or frighten them out of it. Crack children get lost very, very fast, in worlds of the damaged mind

where parents cannot follow. The idea that legalization would take the profit out of drug crime by driving down prices, thus persuading pushers of the virtues of honest labor, is a fantasy. Right now you can get all the crack you want in New York for \$3. to \$5 a vial, a good enough price so that the hard-working mass marketers of the poison can earn millions a week.

The government presumably would dole out or sell drugs and set standards. Pusher paradise: "The government of the govern ment will only sell you a couple of doses. Take them and come over to us for the rest. And look, those weak shots you buy at the government crack parior, why we've got the real stuff for the real highs, just go get the money. If you don't get caught mugging, you don't have to worry about possession,

because it's legal, man, legal."

But the real ethical argument against legalization has nothing to do with law, finances or taxes. It has to do with what; we want for ourselves and our children. It is insensitive almost to vulgarity to argue for legalization of drugs that can. rapidly damage or destroy self-respect, values, the very minds of human beings

- those other human beings. I have received many letters arguing for legalization, but none from a person who ever loved a junkie and not one from the parent of a crack child.

The New York Times.

#### 100, 75 AND 50 YEARS AGO

issue another manifesto today [April 25], an advance copy of which has been communicated to the Herald. "Radicalism in power threatens to result of the violence and the scan-dals which have revolted the public mind, and the abuse of a Parliamentary system in the hands of a despotic

1913: Strike Is Ended BRUSSELS — The Socialist Con-

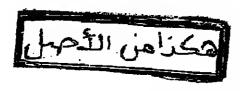
[on April 24] the end of the general strike for manhood suffrage.

PARIS — [Regarding the strike, the Herald says:] The one in Belgium has come to an end not because the objects for which it was organized have, been obtained. It has fizzled out because the strikers were not disposed to commit suicide by starvation.

1938: Sudeten Demands KARLSBAD — Sweeping demands

on the Czechoslovak government were made today [April 24] by Konrad Henlein, Führer of the Sudeten German party, in a speech here at the first party congress. He advanced certain points on the treatment of the German minority in Czechoslovakia that would make Sudetens a state within a state. He demanded the full equality of the German-settled districts of Czechoslovakia as such, German selfgovernment in these districts, and protection for Germans living in Czecho-slovakia outside these districts.

Mail Invest



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Thus is the gist of their age.
Hundreds of thousands de are forced to break the large ended society reserve their pariotics t their of choice while accepting and lars speni on law enforces waster and could be used to drug saleration Legitimes, take the profit out of the decharacter the corruption make fortune in taxes. It would not abuse has a would allow \$1. hermity and openly with a me esse — is no do with about alch m tobacco addiction which to more deaths than comments

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There is some truth in man; Benefit, but when you park allegation of the parameter last been, the whole structure of The interior of the windows really only age to land a The tree and entire philosophic errors are termine on usual द्वार के कर्न कर्न कर्म के किया किया All the term and torsing The comment of the comment of the districted for inches, But the nesser for the second get drunk as ther . I.e. out this use hade

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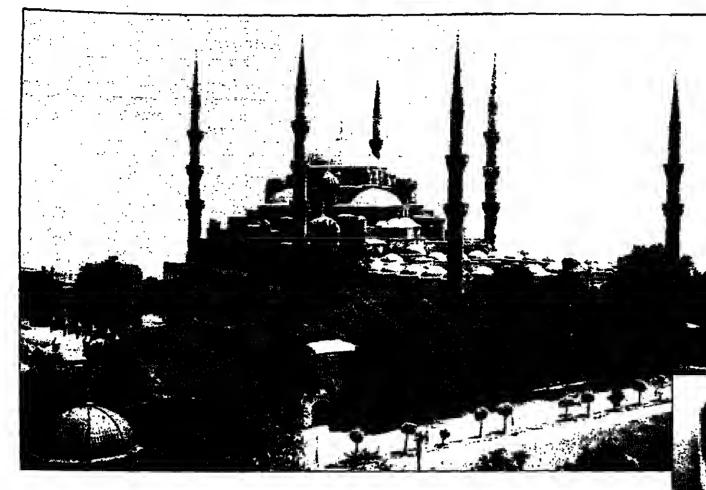
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U.S.S.R TURKEY IRAQ MEDITERRANEAN ☐ FREE TRADE ZONES TOURIST DESTINATIONS

Turkey is pressing ahead with its application for full membership in the European Community. It does so with a confidence built on the foundations of a dynamic restructuring of the country's economy by Prime Minister Turgut Özal's government and the enthusiastic backing of a revitalized private sector.

URKEY, with a land area three times the size of West Germany and the United Kingdom combined and a population of more than 50 million, is an important bridge between two continents. Bounded by the Black Sea to the north, the Aegean to the west and the Mediterranean to the south, Turkey has been a natural trading route between Europe and Asia for 2,000 years.

The Turkish government's 1987 application for full membership in the European Economic Community was the logical outcome of the country's history and geogra-phy. Half of Turkey's land borders are with European states: the Soviet Union in the north and east and Bulgaria and Greece in the northwest. To the south lie Iraq and Syria, and to the east Iran. Part of Europe or part of the Middle East? The question can be confusing to outsiders as well as to Turks.

Atatuck (the founder of modern Turkey) offered the most succinct answer when he said: "For centuries the Turks have walked from the East in the direction of the West." Today's Turkey is even more Western in outlook by virrue of its large-scale economic restructuring, the most dynamic event for the country since the foundation of the republic 65 years ago.

The modernization and liberalization of Turkey's economy is strengthening the country's private sector, which in turn is stimulating relations with industrialized countries. Turkey views its quest to join the EC as a step on the way to becoming a comparable industrial and trading power in the first half of the next century. In the medium term, full membership will bring such benefits as foreign investment, increased aid assistance and, most importantly, an end to barriers on textiles, Turkey's main export.

Turks feel justifiable irritation with those who would dismiss its application to the EC in view of Turkey's major military commitment to NATO, of which it has been a member since 1952. "Turkey cannot just be regarded as the Eastern wing of European defense," commented Omer Dinckok, chairman of the Turkish Industrialists and Businessmen's Association and head of Akkok, a leading group of companies with 9,300 employees. "Too often people tend to identify differences between Turkey and Europe. It is the wrong approach and could be applied to existing EC members. So many new things have started here. A giant step forward has been changing the status quo mentally and physically.

Once mainly agricultural, three-quarters of Turkey's export sales today are industrial products, ranging from textiles, chemicals, fertilizers and vehicles to consumer durables and processed foods.

Despite post-election inflationary pressures, the longterm oudook remains good. The gross national product grew 5.2 percent in 1985, 8 percent in 1986 and 7.4 percent in 1987 — higher than the original government target of 6

In the future the government expects to achieve an export-led growth of 7 percent a year. In 1988 exports are expected to rise to \$12.3 billion, a 22 percent increase over the previous year, while imports are forecast to remain stable at \$14 billion. By 1992 exports are expected to have

Far left;

Istanbul's

17th-century Blue Mosque

(Sultan Ahmet, Ottoman period),

one of count-

less sites that

draw foreigners

Minister Turgut

whose leadership

modernized its

continue to

to Turkey.

Left: Prime

Özal, under

Turkeỳ has

economy.

BULGARIA

Substantial infrastructural development is expected to continue for several years, providing new highways, additional port capacity, telecommunications, energy programs and a natural-gas pipeline network.

climbed to \$20 billion a year.

The high level of development is enabling Turkey's civil engineering firms to sharpen their skills. The highly successful GAMA firm, for example, set up its own systems design office for power-plant engineering. Such moves are in keeping with government moves to promote all types of industrial research.

According to Minister of State Adnan Khaveci: "Turkey is at a stage where it needs to carry out indigenous research and develop new products and increase rbeir marketability. Textiles, machinery, chemistry, furniture — things have to

The new Turkey is also encouraging entrepreneurs like

the ebullient Asil Nadir of Polly Peck International. This controversial but consistently profitable group often acts as a leader into new markets. Polly Peck's recent signing of a franchise agreement with Pepsico Corp. to set up a fastfood restaurant chain in Turkey is an indication not only of increasing tourism but also of Western consumer trends developing in Tutkish society.

Probably the biggest shakeup occurring in the Turkish economy is the privarization program, a major plank of the government's reform policies. Prime Minister Ozal has said: "This program will change the economic and social landscape of Turkey, and will help us attain the levels of the advanced Western countries in the real sense of the word."

A more energetic capital market is also expected to boost the economy by encouraging competition and forcing industry to produce more market-oriented products, while income from shares will be recycled into new

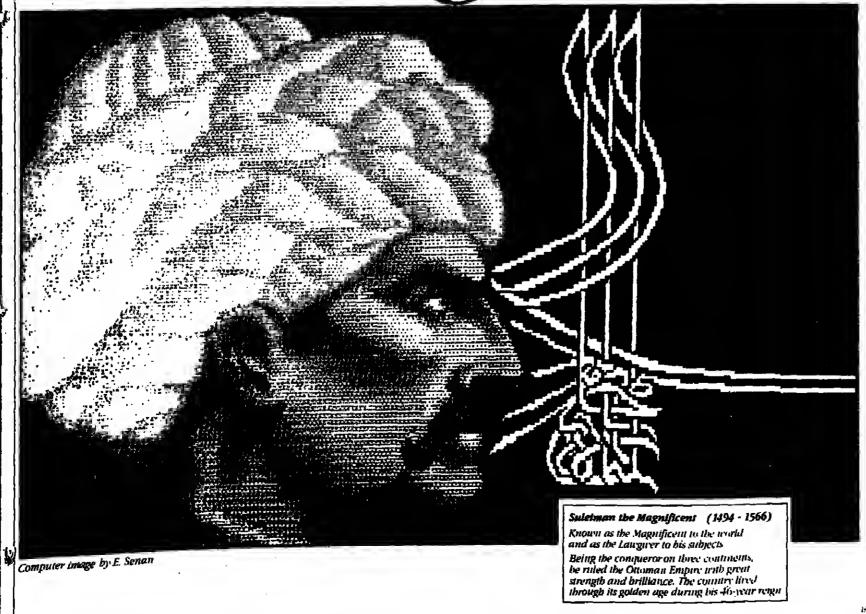
"We are a nation of capitalists, but passive ones. We want to mobilize savings," comments Cengis Israfil, advisor to the prime minister on the privatization program. Israfil, a former Morgan Guaranty vice president, returned to Turkey in 1986 and regards the tecent sale of government shares in telecommunications producer Teletas as a milestone in the financial area.

The issue was six times oversubscribed in a tight market and an armosphere of high interest rates. The basics of such an issue - independent auditing by international accountants, a detailed prospectus, a 13-page underwriting agreement - are normal in more mature markets like London's but were a breakthrough in Turkey. They augur well for further planned sales of government shares later this year in cement plants, the Turkish Airlines subsidiary USAS and Tourism Bank's hotel interests.

Turkey is on the move. Its sights are set firmly on the EC. Perseverance and patience are what the country needs for the application to succeed. No problem seems insoluble, even the thorny question of relations with Greece. The summit meeting at Davos in January between the Turkish and Greek prime ministers has done much to improve a smoldering feeling of distrust between the two countries, and created a basis for regular contacts at all levels.

- Anthony Richard

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#### Record Export Sales Ease Current Account Deficit

"N its first four years, the government of Prime Minister Turgut Ozal undertook farreaching liberal reforms of an economic order that had been more akin to those of Central Europe than those in the West. Much still remains of the closed, pre-1980s regime, but with a strong majority won in the November 1987 general elections, Mr. Ozal is poised to forge ahead with renewed vigor in his planned transformation of the economy.

However, no one in government, industry or finance pretends that 1988 is going to be an easy year, as the government grapples with a hangover from relaxed economic controls during 1987. On the other hand, most bankers and businessmen are confident that Mr. Ozal and his team of technocratic advisers can cope, and that the difficulties will ease in 1989. This confidence is grounded in steadily improving trade figures, and the firm measures taken in February to bring the economy back on course. During the run-up to the elections, overspending, excessive domestic borrowing and a widening budget deficit led to economic overheating and a soaring year-end inflation rate of around 65 percent.

By the end of January, monetarists and those urging restraint in higher economic-planning councils had won out over expansionists calling for sustained high growth rates. The government's new mood of austerity is summed up in a cautious 5 percent growth target this year, compared with the 6.8 percent in 1987 and 8 percent in 1986. It intends to halve inflation to around 33 percent.

But the government's confidence remains high in the continued remarkable growth in exports and twoway trade volume since fundamental economic reforms in 1980 launched Turkey on an outward-oriented path. Export sales reached record highs in 1987, in the autumn surpassing \$1 billion a month for the first time. As a result, the current account deficit for the year was well below \$1 billion, compared with \$1.6 billion in 1986, largely the result of decreased business with the Middle East.

Exporters adapted quickly to the changing markets, and switched their efforts instead to the expansion and penetration of markets in Europe and North America. The Middle East was a training ground for these more sophisticated arenas, say traders - reflected in the fact that exports to OECD countries in 1987 rose by 50 percent to total \$6.443 billion. Over the same period, sales to the Middle East also recovered to register a 22.7 per-

To ensure the foreignexchange revenues needed during an exceptionally beavy year for external-debt servicing, the government is aiming for export-led growth this year, rather than the explosion in domestic demand in 1986 and 1987 which fueled inflationary tendencies. External debt increased to around \$37 billion in 1987; in 1988, foreign-debt servicing in interest and principal payments will total upwards of \$6.5 billion, a heavy yoke for a developing country to shoulder. By dampening domestic demand, the government hopes to force companies to export more.

Exports have been targeted to rise by 23 percent this year to a record total of \$12.3 billion, with imports remaining roughly constant at around \$14 billion. The current account deficit which worked out at around \$985 million in 1987 - will fall further in the face of larger foreign interest payments from a low of \$1.6 billion in 1986 to around \$828 million this year, officials predict. In-

The government hopes to control growth and sharply curb inflation.

cent increase. However, these increases have stirred up protectionism in other OECD markets, which have introduced quotas, particularly for textile goods. If quotas were not in force in the United States and Canada, for example, textile firms say they could sell twice as much with little difficulty; they have already learned to live with restrictions in the European Community.

creased receipts from tourism — now fully recovered after a slump in 1986 — and workers' remittances will belp to bring the deficit down.

Just how much of a millstone external payments have become is amply illustrated by the fact that transfers account for more than half of the TL 20.84 trillion (\$17.138 billion) total budgeted in 1988. By comparison, spending on invest-

ment in the budget totals TL 3.46 trillion. The government has firmly stated that few new large infrastructure projects will be initiated in 1988, and that it will concentrate on finishing schemes already underway. The carryover from 1987 is sizable: project credits, despite the cutbacks, are expected to keep pace with inflation at a total of TL 640 billion this year compared with TL 335 billion in 1987.

The government will look more favorably on "build-operate-transfer" (BOT) projects, which the-oretically do not affect the government's debt balance sheet because private-sector concessions raise their own construction financing. BOT has been proposed for schemes as diverse as the Third Bosporus Bridge, large thermal power stations and free trade zones.

Rather than embarking on fresh infrastructure construction programs, over the next two years the govemment will probably concentrate on structutal reforms such as denationalization of the state economic enterprise sector, in an effort to increase efficiency and improve management techniques. The government's first privatization exercise, in February, the selling of shares in the telecommunications manufacturer Teletas, went sufficiently well to encourage more substantial issues in the late spring and early summer.

During the next two years the government will probably still have to face periodic short-rerm crises, like the run on the lira in the unregulated tahtakale foreign-exchange markets in late January and February. In the medium term, however, international

Bank and the IMF are confident Turkey can weather its temporary difficulties, as long as the government adheres to its present policies. Indeed, Turkey is held up as a model of financial rectitude in a developing world where reschedulings and virtual defaults are all too common.

According to projections, the pressure of debts rescheduled in the late 1970s and early 1980s will ease slightly, giving the

government much-needed breathing space. In the 1990s, with the expected sharp falls in external dues, the economy could take off toward Mr. Ozal's dream of Turkey being a powerful international trading and industrial nation, after the Japanese and South Korean models, in the first half of the next century.

Long before then, the official hope is that Turkey will have become a fullfledged member of the EC, with all the benefits of free

trade, European investment in Turkish commerce, industry and agriculture, and last but not least -Community aid to some of Turkey's less developed regions. Turkey's full EC 2pplication met with a less than enthusiastic reception in most European capitals last year, but relations between Ankara and Brussels have nonetheless come a long way since the period

As the mechanics of

following the 1980 military

Turkey's EC association agreement are overhauled, the prospects of entry in the next decade seem more promising. The biggest ob-stacle to full membership \_ hostile relations with Greece — has already been temoved in large part, thanks to the breakthrough at the Davos international forum in January: the venue of a mini-summit between Mr. Ozal and his Greek counterpart, Mr. Andreas Papandreou.

— John Lester

#### Investors Attracted by Incentives

NTIL January 1980, when Turgut Özal, then a top civil servant and today the country's prime minister, launched a drive for foreign investment, Turkey was not seen as a major investment opportunity for foreign investors. This has changed in the 1980s.

We get one or two new faces showing up in the foreign business community here each month. The foreign investment presence is growing steadily, even if it does not match up to the predictions sometimes made for it," says a Western diplomat in Istan-

The inflow of foreign direct investment to Turkey was \$125 million in 1986 and around \$115 million in 1987. That isn't to say that only a few firms are willing to put money into Turkey, only that foreign investors tend to be small.

The major multinationals set up in Turkey mainly in the 1950s and 1960s. The typical investor of the 1980s has been small, perhaps making the minimum

investment allowed of ish agency, and build and \$50,000 for a small trading operation out of Istanbul.

But there have been some big fish, too. Last autumn the National Can Corporation opened a plant at Manisa near Izmir. Johnson & Johnson set up in Istanbul three years ago. The biggest-ever investment in Turkey was made in the 1980s — the \$4.1 billion deal between the General Dynamics Corporation and the Turkish air

"What Turkey needs," says the foreign diplomar, "are several more deals of that sort of scale. They would show the international community that Turkey is going places."

In order to encourage foreign businessmen to make this sort of commitment, the Ozal government has pressed hard for foreign consortia to adopt its "build-operate-transfer" model for large energy and infrastructure projects. The idea is simple. Instead of relying on traditional project finance, a consortium of foreign investors form a joint venture with a Turk-

IMALAT VE MONTAJ A.Ş.

operate a power plant, road or airport until they have got an agreed-upon return on their money.

Most foreign businessmen already in the country agree that it offers superb opportunities for foreign investment. These include a lively local market of 55 million people, a good basic infrastructure, easy access to both European and Middle Eastern export markets and, above all, a cheap but relatively skilled labor

The drawbacks? Most businessmen in Istanbul would agree that infrastructure, such as transport and telecommunications, has gotten a lot better, but there is still room for improvement. Most, however, would cite bureaucracy as a

It is a problem that Prime Minister Turgut Ozal has been steadily chipping away at during the 1980s. To that end he set up the Foreign Investment Department, currently headed by Dr. Ibrahim Cakir, a section of the Stare Planning Organization. It approves most foreign investment applications and acts as a "one stop" agency. that enables foreign companies wanting to set up in Turkey to consolidate most of their legal and administrative formalities.

Mr. Ozal has also been the moving spirit behind Yased, an association of forcign companies that active ly lobbies the government

on the needs of the foreign investor.

Once upon a time, foreigners believed that it was usually wisest to come into Turkey on a joint venture. Not anymore. The government no longer insists, as it did 10 years ago, on a large local stake in a joint venture. It also welcomes 100percent-owned foreign in-

"Our advice nowadays is for companies to come in by themselves and to hire good local people for themselves," says the Istanbul manager of one foreign bank. "That seems to make for a better working environment all around, and the days when it was resented by the local people are now

To attract foreign investors, the government offers substantial tax breaks for plants located outside the Istanbul/Marmara region and other developed areas. Exporters can expect partieular encouragement.

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Mr. Özal's second election victory last November is seen by many businessmen as a sign that Turkey is now a strong long-term investment opportunity. "I believe the election results were a green light for lots of previously undecided investors," says the Istanbul diplomar. "We can expect to see the foreign investment presence in Turkey steadily broadening in the years ahead. And I can tell you that those who the plunge will be pleased with what they find here."

— Thomas Faulkner

# BREORMANCE

ASSETS	Balance sheet as at 31.12.1986 US \$	Balance sheet as at 31.12.1987 US \$	Increase %
Cash and due from banks	. 879.953.698		
Reserve requirements	275.599.947	875.719.190	1
Treasury Bonds	217.905.808	284.668.832	
Loans	910.247.387	499.851.295 830.507.615	
Participations	89.744.675	78.648.163	
Premises and equipment	66.873.925	79.018.884	
Other assets	_303.079.772	445.870.728	
Total assets	2.743.405.212	3.094.284.707	12.8
LIABILITIES		2147 1141	. 120
Deposits	2.142.329.673	2 252 200 001	
Central Bank	9.831.988	2.352.298.091	• • •
Other liabilities	332.780.791	533.3 <del>49</del> 369.119.583	
Total liabilities	2.484.942.452		
STOCKHOLDERS' EQUITY		<u>2.721.951.023</u>	9.5
Capital *	66 166 216		
Reserves	66.146.316 93.214.7i 1	117.837.679	• • •
Profit (after taxes)	99.101.733	89.648.925	
Total stockholders' equity		164.847.080	
	<u>258.462.760</u>	372.333.684	44.i
Total liabilities and			
stockholders' equity	<u>2.743.405.212</u>	3.094.284.707	12.8
(Converted at TL 1012.35 = US \$ 1)			120
*Capital has been increased to	INS 245.5 million as of M	and 1000	

The overall performance of Akbank through the years has proved its reliability and capability in banking. During these profitable years Akbank has built up a large capital base, as its policy has always been to increase its equity. Recently Akbank doubled its capital from TL 120.000.000.000 (US \$ 117.8 million) to TL 250.000.000.000 (US \$ 245.5 million).

Thus Akbank has progressed in Euromoney's listings of the major 500 banks for many years and is the first Turkish bank to rank among the top 7 world banks by return on equity and assets. As to Akbank's banking services and activities, it is once more ranked as a leader, owning the only Turkish financial subsidiary abroad - Ak International Bank Limited in London. Furthermore, Akbank has set new standards for banking in Turkey through a new bank founded in co-operation with Banque Nationale de Paris-BNP-AK Bankası, bringing international finance and banking techniques into the country.

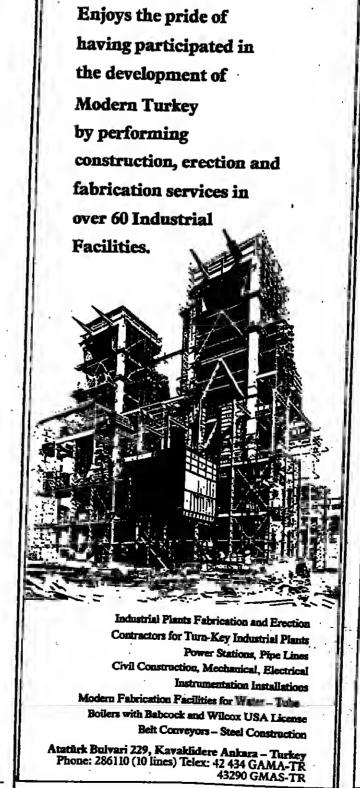
Akbank has a large branch network in Turkey and its representatives are established in the world banking centres since Akbank's major consideration has always been to offer the best service. With its solid standing and financial strength Akbank is the bank to call on. It can make a distinguished contribution to your business, as you would expect from a distinguished bank.

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Ak International Bank Limited ◆ Ak International Bank Limited has completed its fourth full year of activities as a fully authorised institution.

• Ak International Bank Limited as at the end of 1987 had  $\Sigma$  10 million paid up capital, a balance sheet total of  $\Sigma$  150 million and a profit of  $\Sigma$  1.9 million before tax. banking transactions.

 Ak International Bank Limited is at your service for your John Harding - General Manager 10 Finsbury Square London EC2A 1HE Telephone: (1) 628 3844 Telex 8955636 AKIL G Fax: 638 2037



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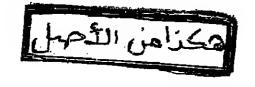
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Turkey's EC association the prospects of converted the prospects of converted the next decade seem to promising. The bigging that the next decade seem to stack to full members of the prospect of the prospec Greece—that already be removed in large par thanks to the breakthings at the Davos internation forum in January: the to tween Mr. Ozal and he dreas Papandreou

- John Fran

on the needs of the long

Once upon a time is eigners believed that it by usually wisest to come in Turkey on a joint want Not anymore. The great ment no longer insat at did 10 years ago, on 1 kg local stake in a joint to ruce. It also welcome in percent-owned foreign is vesiment

"Our advice nowadays, for companies to come is by themselves and to be good local people for the selves," says the laurh manager of one long bank "That for a better working on comment all around, and it days when it was resort by the local people are no

To actuact foreign ime tors, the government offer substantial tax breaks for planes located outside to Isranbul/Marmara meio and other developed are Exporters can expen point ular encouragement

Mr. Ozal's second day tion victory last Novembr is seen by many business men as a sign that Toda is now a strong long-tem tovestment opportunity. I believe the election reals were 2 green light for los or previousir undecidale vestors," says the lambs d plomat "We can com to see the foreign interment presence in Tule steudily broadening in the vears about And I can't you that those who do the the plange will be plass!" a itir what they find hoe' - Thomas Fankar

# Banking: New Players and New Products

revolution is under Mr. Semiler has united way in Turkey's financial system. New players are moving into the marketplace and financial products unknown 10 years ago are now being routinely traded. The most important de-

velopment in the last year

accent, the result of long

years teaching and working

talks, it is about things pre-viously unheard of in Tur-

key. He wants to see a bal-

anced budget, lower GNP growth at least until infla-

tion is checked and tight

control over the money

supply. His misfortune is

that he took office last sum-

mer on the eve of a general

election, and business and

banking in Turkey this year

are dominated by post-elec-

only new face in Turkish

banking. Turgut Ozal's

general election victory was

the signal for a major turn-

out in the country's power-

ful but previously highly.

conservative state banks.

Bulent Semiler, 32, who

had been running the Ana-

dolu Bankasi since August

1986, was allowed to take

over the Turkiye Emlak

Kredi Bankasi, the coun-

try's third largest bank.

the by mountain the specime paint.

Dr. Saracoglu is not the

tion belt-tightening.

When Dr. Saracoglu

in the United States.

has been the appointment private sector banks. of a former IMF economist, Dr. Rusdu Saracoglu, as the governor of the Central Bank. Dr. Saracoglu is recognizably a man of the 1980s. He wears Brooks Brothers shirts and speaks English with an American

the two banks into the Turkiye Emlak Bankasi, known as the Konutbank The process of restructuring may take several years, but out of it a new and much more competitive bank is expected to emerge, capable of competing with the

**ADVERTISING SECTION** 

At about the same time, the prime minister appointed Coskun Ulusov, 34, as the chairman and general manager of the Turkiye Ziraat Bankasi. Ziraat is

#### Former IMF economist to head Central Bank.

Turkey's biggest bank by far with around 45 percent of rotal deposits of the national banking system. Traditionally, the bank has played a national tole far beyond its original function of supplying credit to farm-

Mr. Ulusoy, a U.S.trained banker who had been the Istanbul represenrative of the British merchant bank Morgan Grenfell until summoned to Ankara by Mr. Ozal last year, has taken the bull by the horns. Within days of being appointed general manager of Ziraat, he announced a review of its entire lending operations. He rapidly came into head-on conflict with both the bank's entrenched bureaucracy and a large number of vested interests in the business world, who had been accustomed to borrowing

sni degati at

major state banks would, it is argued, generate significant financial resources for the economy as a whole, freeing them to contribute to the growth of an internationally competitive econo-At present the lively

parts of the economy are in the private sector in Istanbul, where there are three sorts of player on the market. The first is represented by Akbank, a large private sector bank owned by the Sabanci group and run on

questions being asked.

through him, Ptime Minis-

the state banking system

that probably cost the

country several percent of

its gross national product every year and fuel infla-

A shakeout in the two

very traditional lines. It nonetheless makes the highest profits ever seen in the Turkish banking sys-

Pitted against the Akbank is Yapi ve Kredi Bankasi, which belongs to the Cukurova Industrial Empire. Yapi ve Kredi was shaken by Turkey's economic turnaround in the carly 1980s, and it was only last year that it clawed its way back to genuine profitability. This year's results will be watched with interest to see whether, under a new general manager, Burnan Karacam, its progress is being maintained.

The larger private-sector banks bave been squeezed hard in the last few years in Turkey. The shift to realistic interest rates has left them facing serious dangers. Currently, one-year time deposits tetch 65 per-

cent, about 17 percent more from the bank with few than a year ago. Lending Mt. Ulusoy - and rates have to be at least 30 percent higher in gross ter Ozal - is trying to and finding sale customers at that sort of interest level eradicate those inefficienis next to impossible. cies and suspect practices in

Banks have been living for several years with a growing volume of bad debt which has caused more than half a dozen small banks to shut their doors in the 1980s. Their liabilities were mostly absorbed by Ziraat and other state banks.

The government and the Central Bank have been prodding banks to increase their provisions against bad debt fot several years. Two years ago a scheme for capitalization of bad bank debt was introduced.

Profits are being made by two other groups of banks: foreign banks which came into the country after 1980, and small efficient local banks specializing in trade finance and, more recently, investment banking. There are now 21 foreign banks in Turkey out of a total of about 60. The foreign contingent is led by U.S. giants such as Citibank, Manufacturers Hanover Trust and Chase Manhattan.

The marketplace in which they operate is sometimes a difficult one. In the first few months of 1988, Tutkish banks were insisting on payment requirements of 25 percent or more on imports before they would issue letters of credit. This was the result of a foreign currency shortage caused by the pre-elecrion spending spree in 1987 and the less-than-stringent monetary policies that went

But with Tutkey's trading performance stronger than ever, the more skillful of the trade finance banks still seemed poised to continue their successes of the last few years.

#### Top Banks Record Impressive Year Aksov singles out the new

لمكذا عن ألاصل

ADVERTISING SECTION



THE last five years

have been a period

of unparalleled

growth for the bold and

imaginative in Tutkey's

banking and financial sec-

tor. A dynamic restructur-

ing of the country's long-

dormant economy is now in

progress. It is an expansive

and challenging environ-

ment in a society whose

banking potential has still

The changing mood is reflected in results from a

diverse range of institu-

tions. Yapi Kredi, one of

the top three private com-

mercial banks in Turkey,

recorded a nearly 100 per-

cent increase in net profit

in 1987: 61 billion Turkish

lies compared to 31 billion

TL the previous year. Total

assets of the bank duting

the same period tose from

1.95 trillion TL to 3.04 tril-

lion TL, a 55.6 percent

Sekerbank, which serves

the agricultural sector, par-

ticularly sugar producers,

saw its net income soar to

to be fully realized.

Mr. Zafer Basak. member of the board. Turkish **Economy** 

14.4 billion TL in 1987

from 4.8 billion TL in 1986.

Iktisat Bank, whose assers

rose to 481.9 billion TL in

1987 from 220.5 billion TL

the previous year, com-

ments on the revolution in

artirudes and practices that

have taken place: "Ten to

fifteen years ago Turkish

bankers never left their

desks and clients felt in-

timidated."

trade transactions.

bank three years ago, Mr.

Erol Aksoy, chairman of

perception of the bank and Turkish banking in general by the outside world. When I started, one had to work very hard to get international markets interested. Now we can do

straightforward packages, send out a syndication telex and know we will ger a Like a number of other financial institutions, Iktisat has taken full advantage of the country's telecommunications modernization and the availability of reliable telephone lines. As a result lkrisat has spent \$8 million on a computerized system using U.S. Security Pacific software, the only

it transactions, according to Mr. Aksoy. Technology is streamlining international operations. Forry of Turkiye 1s Bankasi's 923 domestic branches are online to the Isbank's busy London office. The computer links facilitate trade finance business by avoiding the timeconsuming process of touting transactions through the bank's head office in Ankara.

real-time system in Turkey

able to handle letter of cred-

Interbank, which in-The new atmosphere, judging from Mr. Aksoy's stalled the first real-time computerized operation in executive suite, is very dif-Turkish banking, and Yapi ferent, Discreet European Ktedi, with its 600 classical music is piped into branches, also identify ina lounge whose walls disvestment in banking techplay elegant oil paintings nology as a major factor in from the Ottoman period. solidifying their positions Behind this culrivated over the last three years. facade lies a fast-moving

The state-owned Tohigh-technology oriented bank as well is currently bank. In a short time lktiseeking to computerize its sat has changed from a 117 branches, and is evalusmall retail operation into ating bids from NCR, IBM an institution handling 11 and Nixdorf. This forward percent of Turkey's foreign looking artirude underlines Of the changes he has the positive view Tobank's new management is taking seen since taking over the

of prospects for reschadul-

ing the nonpetforming loans that led the government to intervene and boost the then private bank's capital to 75 billion TL from 4 billion TL in

In line with a growing trend, Tobank is likely to seek an independent auditing of its accounts in the future. The move mirrors a desite through the Tutkish banking sector to display rectitude both in the domestic and international ar-

cas of its operations. "Being mostly involved in trade financing has kept us away from the nightmare of bad-debt financing," says Turk Ekonomi Bankasi director Zafer Basak, who adds: "We do not pretend to be a huge bank, but turn out to be one of the most profitable in our business. Our client base is select. We try and keep it industrial and limited to those involved in imporcant export business."

A small merchant bank - one of the fitst to be independently audited -TEB is also an enthusiastic promoter of computerization. It has tecently launched a separate firm, Biltim, to provide clients with software and hardware

consultancy. About the future, Professor Basak comments: "I am very optimistic because, frankly speaking, Turkey has been changing before my eyes compared with conditions 25 years ago." This positive view is shared by Özer Guney, general manager of Esbank, which in 1987 virtually doubled all its figures: "I feel that 1988 can again be profitable. The economy can cope with the higher cost of money. I hope, and feel, we will have few problems.

/ DESTINATION ST IN TURKEY IT IN TOURISM

to escress or over

toe:

#### Go the distance with Iş Bank

The road to a successful business transaction is not always smooth. Foreign terrain, unexpected twists and turns, hills and gullies can slow down your progress or even stymie your venture altogether.

That's why a bank that knows the territory is invaluable. And in Turkey, Is Bank, as the largest financial institution in the private sector, knows the business of banking.

Is Bank has resources and talent other banks only dream about, like ten million accounts at Is Bank's 929 domestic branches. The Foreign Department in Istanbul works with the Bank's overseas branches and representative offices and with an extensive network of correspondent banks around the world in handling a large proportion of Turkey's foreign trade transactions. A leader in the maturing capital markets, İş Bank is also a major power in project finance.

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Reliability to count on

Branches abroad:

Offices:

#### Recent Moves to Fuel Development

NERGY develop- goals which are significant ment is the key to the rapid industrialization drive that Prime Minister Turgut Özal hopes will transform the Turkish economy by the early decades of the next century. This has already come a long way since the late 1970s and early 1980s, when frequent power cuts hamstrung industry. Turkey had a surplus of 15,000 kWh of electricity last year. But demand is set to outstrip supply by the early 1990s, and Turkey remains heavily dependent on crude oil imports. Amounting to roughly 21 percent of all imports, these cost about

\$2.64 billion in 1987. In line with the government's free-market principles, the current five-year plan contains two broad

departures from centralized state control. It seeks to encourage private-sector participation wherever possible, and to use indigenous resources only when these prove economically viable. Ankara's present budgetary stringency has reinforced

Domestic demand for electricity is increasing by 18 percent a year. According to the International Energy Agency, by the end of the century, total electricity demand by fuel sources will amount to 39 million metnc tons of oil equivalent (mtoe), compared with 8.3 mtoe in 1985. Hydroelectric demand will rise by a staggering 700 percent and thermal demand will increase almost three-fold, to

We differ...

Speed in decision making.

In-depth service capability

in foreign trade banking

**9** ESBANK

This is how and why we differ

Speed of execution.

and experience.

Mr. Ozal's team does not share the previous military government's view of nuclear power as a panacea for Turkey's energy deficits. It seems unlikely there will be serious need for it before the next century, say officials of the Energy and Natural Resources Ministry. The Sovier's Chemobyl disaster, which irradiated large areas of Turkey's Black Sea coast in 1986, has blighted nuclear power in

The main energy development areas during Mr. Ozal's second term in office are likely to be the extension of natural gas supplies to additional sites in Anatolia, and the use of the "build-operate-transfer" (BOT) method of implementation wherever possible. French-and-Buitish-led consortia have already won contracts for the conversion and expansion of existing networks in Istanbul Ankara. Two major BOT contracts for the construction of thermal power stations to burn imported

the public's eyes as well.

coal are also being negoriar-

A gas pipeline under construction from the Bulgarian border will reach Ankara this summer, carrying Soviet natural gas. These imports will total 6 billion cubic meters annually in the 1990s and be supplemented at peak periods by Algerian gas. A 20-year agreement for imports of 20 billion cubic meters was teached in Algiers in

#### Current plan stresses involvement of private sector.

The fuel will be used for power stations, industry and private heating. It is hoped this will reduce the pollution in the capital caused by widespread use of lignite, which produces an acrid, sulphurous smog.

Australian and U.S.-led consortia are competing for the first large BOT contract the government has ever awarded. This contract for a major thermal power station will be a breakthrough for the BOT method, whereby private interests receive concessions to finance, construct and then operate major infrastructural utilities.

From its formation in the early 1970s up until legislation introduced by the military in 1983, the stateowned Turkish Electricity Board had a virtual monopoly over power generation, distribution and sales, apart from concessions granted to the private-sector Cukur-ova Elektrik and Kepez Elektrik. The first Özal government significantly widened the scope for private-sector participation in power generation; at the end of 1987, the Energy and Natural Resources Ministry had received about 90 applications for small- to medium-scale projects from

planning stage. The World Bank has taken a leading role in financing construction of hydroelectric power plants in Turkey; its most recent loans have been for the 300-MW Sir dam project for Cukurova Elektrik and the 420-MW Kayraktepe dam scheme. Construction has yet to start on the latter.

private interests, many of

them hydroelectric. Several

of these schemes have been

To meet projected demand by 2010, the govern-

ment envisages the

construction of 280 hydro-

electric stations of varying

size, with a total generating

capacity of 28,000 MW.

Around 30 new hydroelec-

tric plants are under con-

struction, final designs for

23 are completed, and another 11 are still in the

However, in the next two years the State Hydraulics Agency (DSI), which plans and oversees construction of hydroelectric stations, plans to start only two new large hydro-projects, the Kayraktepe scheme and the 510-MW Boyabat dam, also supported by the World Bank. With belt-tightening budget stringency in Ankara, its development funds have been largely accounted for

by work already under way. Much of the DSI's budget is eaten up by the construction of the giant 2,400-MW Ataturk dam in the southeast, the centerpiece of the southeast Anatolian (GAP) development program. A sister project on the Euphrates river, the 1,800-MW Karakaya dam, is scheduled to reach full generating capacity by the autumn. The GAP program includes 15 dams and 18 bydroelectric schemes,

which eventually will irrigate 7,000 square miles and generate 7,620-MW. However, the large dams on the Euphrates, which include the 1,360-MW Keban dam completed in 1976, are a bone of contention with Syria and Iraq downstream, which claim they affect the river power to the detriment of their own dams

and irrigation works.

Domestic oil produc-

tion, although increasing to an estimated 2.5 million metric tons in 1987 from 2.1 million metric tons in 1986, is unlikely to ever make much of a dent in the oil import bill, largely because the fractured terrain in the premier oil-producing region in the southeast has generally yielded only small-to-medium-sized fields. That means Turkey has to rely largely on oil imports from its neighbors, Iran and Iraq. Iraq's main oil export lifeline, twin pipelines with a capacity of 1.5 million barrels a day (b/d), terminate in Turkey's Iskenderun Bay. Iran periodically revives interest in its own 30-year-old scheme for an export pipeline through Turkey, with little concrere progress so far. During a late-February visit by Mr. Özal to Tehran, it was nonetheless decided to undertake basic en-

Marketing studies in Europe for a much larger project to build a gas pipeline across Turkey have so far produced little more than generalities. However, Qatar also plans to build a \$8 billion pipeline across Turkey to Europe from its massive North Field reserves. There have already been a series of talks on the scheme, and a contract for basic engineering studies could be awarded this year. Turkey more than ever is becoming a bridge between Europe and the Middle

gineering studies.

#### Akbank Profit Up 65 Percent

lar profit performance in the Turkish banking sector has been turned in by the Sabanci group's Akbank. A net profit of \$164.8 million was recorded in 1987 (against \$99.1 million in 1986), and in March 1988 the bank's capital was expanded to \$245 million, bringing net worth up to \$372,3 million.

According to Erol Sabanci, managing director and vice chairman of Akbank and one of the six sous of the legendary



Erol Sabanci, managing director and vice chairman, Akbank.

founder, the late Haci Omer Sabanci: "We are the biggest purely private bank and, in terms of branches and assets, rate number three in Turkey.".

Alabank has been busy developing its international connections, and formed a joint venture with the Banque Nationale de Paris in Istanbul, known as BNP-AK, in 1986. In its first full -J.L. year of operations the bank

made a profit of 5.4 billion Turkish liras after tax. Akbank has also had a folly owned subsidiary in ton don since 1983, which was set up with equity of 15 billion TL to provide a flag carrier and export window on international banking business," according to Mr. Sabanci. In 1987 the subsidiary made a 1.9 billion TL profit.

wand B

Akbank, which has 617 branches and employs a staff of 8,900, handles some 10 percent of Turkish deposits. "We want a higher percentage," says Mr. Sa-banci, who points to the \$40 million spent on computerizing 160 of its branches recently.

Turkey's growing tour-ist income is also a target. Akbank is participating in two new Hilton Hotel schemes: 2 363-room hotel being built in Ankara and a 250-room establishment planned for Mersin.

The bank is part of a group rated 174th in Fortune magazine's 1986 list of international corporations. The group has the countty's largest cement inter-ests, is second in Turkey only to Unilever in margarine production, is the biggest textiles group in Tur-key and largest packaging group in the country as well as the largest polyester fiber producer in the Middle East.

Although Akbank's pedigree is impressive, Mr. Sabanci admits that inflation is still 2 problem. However, be states. "I am an optimist, because the government will tackle the problem very seriously and make regulatory changes in money market activities."

#### Interbank Approach: Cautiously Aggressive

'NTERBANK celebrates its 100th anniversaty this year. From its beginnings as the Banque de Salonique, specializing in trade between the Ottoman empire and the West, the basic business of the International Bank for Industry & Commerce (Interbank), as it was renamed in 1969, bas been in trade finance.

Last year marked Interbank's seventh straight year of increased profits. Earnings of 17.3 billion Turkish

liras showed a 79 percent increase over 1986 results. In dollar terms, earnings rose 33 percent to \$17 million. The bank's return on average assets rose from 3.9 percent to 4.3 percent, while its return on average equity increased from 43.4 percent to 46.7 percent.

This performance reflects an imaginative management style that has positioned Interbank as one of the country's most innovative wholesale banks, one that has handled 12 percent of Turkish trade financing in the last three years. The bank, which was the

first real-time computerized bank in Turkey, is now cargo charter and catering tions into investment and merchant banking. Executives consider a niche exists for the bank in merchant banking — as the interme-diary between investors and entrepreneurs in mergers, acquisitions and the privarization program.

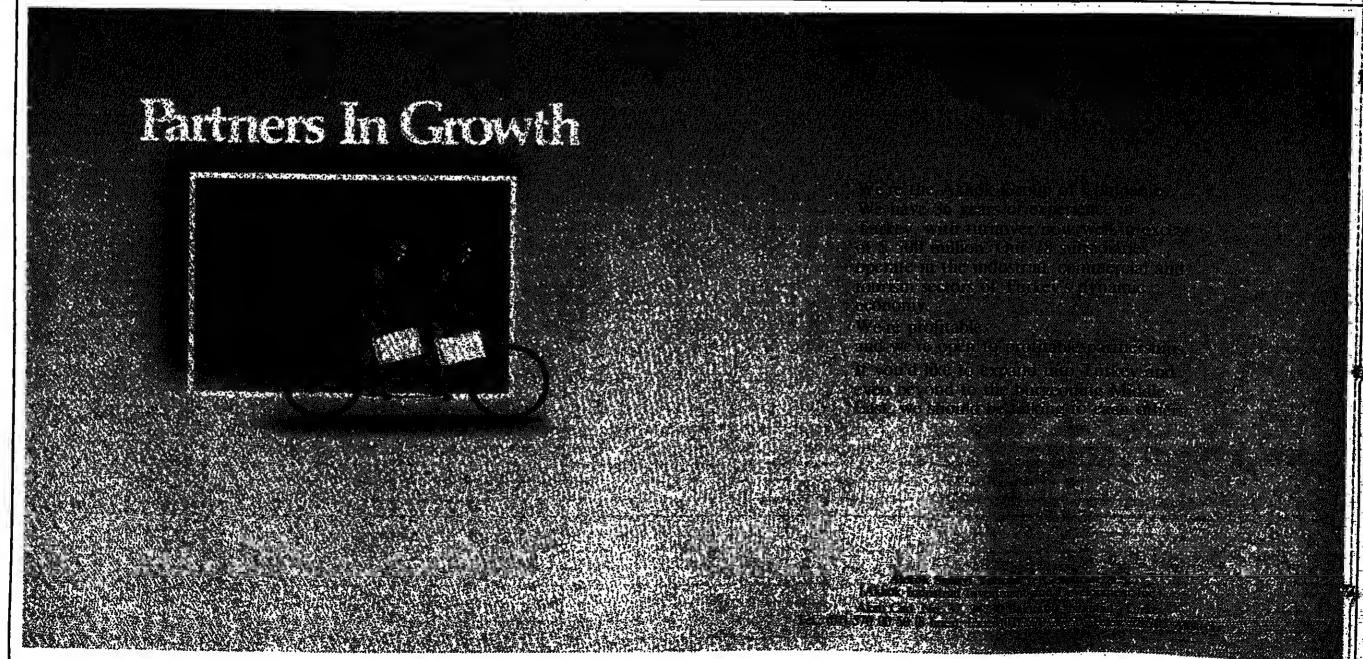
Interbank was one of the underwriters for the recent

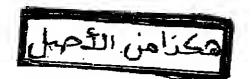
sale of government shares in Teletas, and is cuttently advising on the privatization of Turkish Airlines

ary USAS. A spokesman scressed that the bank is profit-motivated and not looking for. an increase in assets. The inflation and tightening of liquidity that has occurred in the last three months is not, in some experts' opinions, suscainable. Though tighter monetary policy. gressive," they say. will cool down the econo-

my, longer-term fiscal measures will be needed to reduce the budget deficit to manageable size.

Meanwhile, the bank's inectors point out that Turkey's geographic position between the Europeanand Middle Eastern markets gives grounds for longterm optimism. "In the next three to six months we want to watch rather than step on the gas pedal, but we remain cautiously ag-





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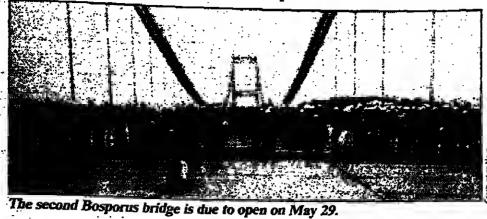
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Although Althank's poligree is impressive, Mr. Sa bane: admits that inflation is still a problem. However, ne states. "I am an onemist, because the government will tackle the probcom year, seriously and make regulatory changes in money market activities? -AR

#### Bridging the Bosporus

And the second s



Bosporus bridge, as the link berween Europe and Asia, has always occupied a special place in the history of the eastern Mediterrancan. Through its portals. Jason and the Argonauts of mythology sailed in search of the Golden an overarching supension bridge with cable stays. Fleece; on its European shore in 324 A.D. the Byzantine Emperor Constantine founded the capital which came to bear his

name; and in the 20th cen-

tury it is the Soviet Union's

only southern naval access

HE breakthrough in

tions at the minisummir

between Prime Ministet

Turgut Ozal and his Greek

counterpart Andreas Pa-

pandreou in Switzerland in

January could well prove to

be one of the most impor-

tant developments between

the two countries this cen-

rury. If the fragile accord

holds together, it could be

the foundation of a new era

of political and economic

cooperation in the eastern

Mediterranean, say Turkish

Though differences be-

previously hostile

Turco-Greek rela-

to the Meditetranean. Bridging the Bosporus has a special significance beyond the immediate cost and purpose; it is imbued with the history of the city and the waterway as well. To this is added the spectacular majesty and grace of

The first bridge across rhe Bosporus, then Eutope's largest suspension bridge, was completed in 1973. It quickly became a local landmark, as much a part of the city as the Gala-

tween Ankara and Athens

still run deep, the new ac-

cord is a rapid and astonis-

ing turnaround from just

over a year ago, when the

two countries were on the

brink of open warfare over

mineral and territorial

Since the minisummit at

the Davos international

economic forum, conces-

sions that have paved the

way for a durable dialogue

include the return of Greek

assets frozen in Istanbul in

the 1960s. The accord was

developed further at an-

other meeting between

Mr. Özal and Mr. Papan-

dreou at the NATO sum-

rights in the Aegean.

New Tone to Relations with Greece

ta tower, the Ayssofya Mosque and the Byzantine city walls.

By the late 1970s and early 1980s, however, it was apparent that another bridge was needed. Heavy rrucks involved in the booming transit trade to the Middle East needed to be diverted away from the toll booths for local traffic.

The bridge was designed to carry 80,000 vehicles a day, but frequently has to cope with 115,000 or more. In 1987, it carried a total of

mir in Brussels in early

ly set about formalizing the

accord. A joint committee

has been established, for ex-

ample, ro discuss friction in

the Aegean; another will

examine areas of potential

cooperation, such as trade,

tourism and shipping.

Turkish and Greek busi-

nessmen immediately

seized on the opportunities

promised by the accord to

form joint bodies to further

commerce between them.

Banking looks to be the

most promising area at pre-

Anxieties on both sides

The two sides have busi-

March.

SCDL.

4 million vehicles, of which 3.1 million were cars.

A \$551 million contract to build a second bridge together with its approach roadways was awarded to a consortium of local, Japanese and Italian contractors in May 1985. A fierce tender competition had brought into contention British and Japanese aspirations for the prestigious project, particularly since the first bridge was built by a British company.

In something of a civil engineering fear, the towers, cables and deck of the second bridge were completed well ahead of schedule, largely through a novel construction method of swinging the deck sections through a series of leapfrog maneuvers out along the main cables.

Once toadways have been laid across its deck, the bridge will open on May 29. It will be called the Fatih (Conquerot) btidge, after the Ottoman Turkish Sultan Mehmet II, who led the Moslem conquest of Constantinople on the same day in 1453.

still threaten the newfound

amiry. Turkey's full mem-

bership application to the

European Community still

meets with Greek tesis-

however, that Greece can-

not afford to ignore the

economic potential of Tur-

key as an industrial and

trading power in the east-

ern Meditetranean, and

would do well to seek coop-

erarion in EC matters soon-

er rather than later. Turkey

is a more natural trading

parener for Greece than

many other EC members,

-J.L.

they say.

Turkish officials scare,

The second bridge has been designed on the same ptinciples as the fitst. though with modifications. The original designs were drawn up by the British firm Freeman Fox & Partners, which also designed the first bridge. The new structure clears the Bosporus in a single main span, high above the tankers, ships, ferries, fishing boats and pleasure cruisers on the water below. It has four lanes in each direction, compared with the first bridge's three, and a design loading twice as heavy.

The second bridge serves as a vital link in the Trans-Anatolian highway, a Europe-to-Asia route running from the Bulgarian border up to Ankara. Major construction contracts to upgrade and build the rest of the route were awarded after the contract for the second bridge as part of a massive and ambioous roll road construction program. In time, the government hopes to complere the fast expressway all the way up to the Iraqi border crossing at Habur.

But before then, Istanbul could have a third bridge across the Bosporus, this time erected on the "build-operate-transfet" (BOT) contracting model. The third bridge will be part of a planned local traffic ting road through Istanbul's historic center, which will also include a tunnel under the Bosporus at the other end of the arc.

Tenders for the contract to build this structure, larger and longer than the other two bridges - it will have three spans, two subsidiary and one main were returned in February. In just over two decades. the Bosporus link will have been transformed more fundamentally than since Constantine first founded his cîty.

#### Tourism Bank's Hotel Interests to be Privatized

owned Toutism Bank is a unique institution. It was set up in 1955 with the specific mandate of assisting the development of the country's tourist industry.

At the time of the bank's establishment, the private sector was unwilling to invest in a sector than hardly even existed. Facilities needed to be developed, and Tourism Bank began to build up its Turban chain of hotels, campsites, marinas and other facilities, which have established a high reputation in Turkey's tourist market, The 23 properties that

comprise the Turban chain, including a travel agency, are now to be divested as part of the government's privatization programs. The bank's pioneering role in establishing industry standards is over. "We asked the government to consider our tourist operations as a candidate for privatization. We cannot act as a banker and operator," says the bank's chairman and president, Serhan Altinordu, referring to the huge expansion taking place in this area.

#### to Turkey doubled in just five years.

kilometers of unspoiled coastline, as well as a cliare as attractive as any and Aegean regions.

Tourism is no longer be-

years.

Serban Altinordu, chairman, Tourism Bank.

ing neglected and exploitstion of its business potenoal is proceeding apace. In 1985 Toutism Bank's loans were one-third of the bank's assets. One year later loans comprised two-thirds of total assets. In the threeyear period 1985-87 the bank estimates that it has financed new accommodations totaling 45,000 additional beds.

The number of tourists visiting Turkey jumped Turkey's potential as a from 1.3 million in 1980 to

is a generally expressed de-

sire to develop the top end

of the market, and this will

continue to mean a sub-

standal and accelerating in-

vestment in high-quality

#### The number of tourists

tourist destination is re- 2.6 million in 1985. There flected in more than 8,000 mate and antiquities that found in the Mediterranean

accommodacion. We want to concen-

trate now on financing the sector's needs, and are trying to train our staff to adopt a merchant banking role. The next step is for the bank to use its whole financial, human and other resources to meet the sector's needs," Mr. Altinordu comments, adding that he envisages demand for a further 200,000 beds costing \$3 billion over the next few

The bank's divestment of its hotel and other interests is due to be completed this year, leaving Tourism Bank to concentrate on its banking activities and providing services to the sectot. A new image has been planned as a result of deliberate credir policies in the last two years aimed at preparing the bank for a new take-off phase following completion of the privarization process, he adds.

Gearing up to meet the increasing demands of the fast-expanding sector has meant Tourism Bank's borrowings have increased tenfold since 1984, the larest being a private placement in February by Nikko Securities of 10 billion yen.

Improved techniques for applying funds have also been an important growth factor. The bank's line of financing can be extended up to 10 years. Repayment of principal and interest is not required during the construction phase of a hotel, while a grace period on payments is also permitted between the building phase and start-up of operations. The aim is to allow an investor time to stand on his own feet, says Mr. Alon-

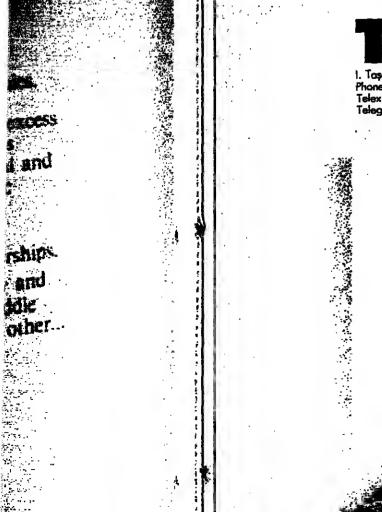
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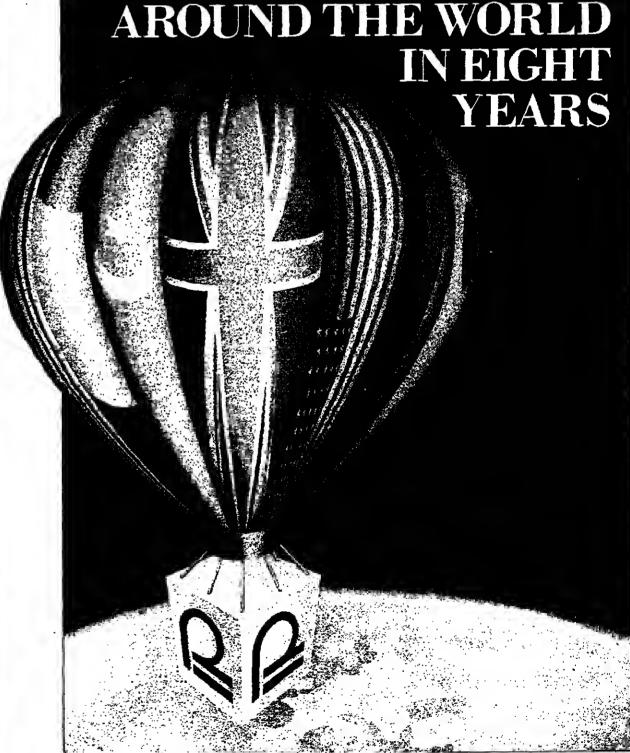


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#### Textiles Firm to **Double Production**

and clothing industry is the country's most important industrial activity, accounting for more than \$2 billion in export earnings and onethird of manufacturing employment. In terms of efficiency and productivity. however, performance in this sector is far from uni-

The main thrust of the export effort comes from Turkey's specialized textile producers. A modern and successful company, Mensucat Santral, typifies the forward-looking mediumscale enterprise that the

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**√**URKEY's textile Tutkish textile industry will be increasingly dependent on for export-led growth in the 1990s.

Owned by the Bezmen family, Mensucat Santral (the name translates as Central Textiles) celebrates its 60th anniversary next year. Today the company concentrates almost entirely on the production of bed linens and interlinings at two plants based in Istanbul and Edirne.

A measure of the company's success is the 24-hour production maintained at both plants, which in 1987 turned out 103 million square meters of cloth, an

increase of 20 percent over

the previous year.
Total sales increased 55 percent to \$98 million in 1987, of which exports accounted for \$55 million. Projections for this year envisage production of 125 million square meters of cloth and sales worth \$105 million, some \$90 million of which is expected to come from ex-

Mensucat Santral has a vertically integrated production process which includes spinning of raw cotton, weaving, dying, printing, making-up and packaging processes which in textile industries outside Turkey are often separate enterprises. However, executives point out that Mensucat Santral's equipment and processes are at least as modern, if not more so, as those found elsewhere.

There is little doubt that the labor costs prevailing in Turkey's textile industries, ranging between one-sixth and one-ninth of those in Europe, are also a major factor in allowing companies such as Mensucat Santral and others to successfully penetrate overseas markets.

The sharpness of international competition demands much more, though, if export markets are to be sustained. Mensucat Santral's export success is due

to a close monitoring of market needs and production costs and a steady investment in high technology as well as the use of modern management techniques.

Swiss-educated chief executive Halil Bezmen, who has been with the company for 25 years, supports a lean management philosophy, creating "a small and highly motivated management with crystal-clear levels of responsibility."

The company's major export markets at present are in Northern Europe and Canada. In West Germany and the United Kingdom Mensucat Santral claims a five percent share of the market for bed linens. In Canada the company's share of the bed linen market has risen to 25 percent. Market potential also exists in the United States, Far East, Africa and the Middle

The company's ambinous investment schedule calls for a doubling of production in the next five years. This is expected to result from the introduction of higher quality products aimed at more upscale markets instead of the medium-price client base that currently characterizes

Emphasis will be placed increasingly on the more complex production of disposable non-woven goods based on synthetic fibers and high-technology-process fabrics. The investment needs are substantial. Mensucat Santral's mainly Swiss and West German equipment is on average less than seven years old. The installation in 1986 of an IBM 38 Model 700 together with associated software represented the largest application of computerization in the Turkish private sector outside the banking

community, the company

#### Industry Looks Abroad for Increased Growth

URKISH industry is on the move. Its diverse products, ranging from textiles and washing machines to buses and petrochemicals, have found markets throughout Europe and the Middle East in recent years.

Industry is now at the forefront of Turkey's ambitious export drive, reflected in the increasing share of industrial products in foreign sales from 35 percent in 1980 to 80 percent last

Turkey makes an estimated 2,500 products, including chemicals, pharmaceuticals, iron and steel, cement, glassware, ceramics, paper, vehicles, fertilizers and electronics as well as textiles, the largest and most important sector.

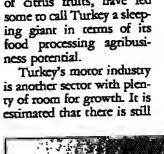
The textile and clothing industry in Turkey ac-counts for one-third of employment, and its export arnings total more than \$2 billion a year. It is a sector in transition, having had to reassess its priorities following the imposition of quotas on Turkish products by the European Community in 1985.

The quota shock has, however, accelerated modemization of the industry. The move has been away from traditional bulk-produced spun goods to higher value-added products based on artificial fibers and new production processes.

While textiles continue to be key exports for the Turkish economy, other indistrict on also being cocouraged. One-quarter of the country's overseas sales

are food products. Substantial surpluses, particularly of citrus fruits, have led

is another sector with plenty of room for growth. It is estimated that there is still





"The state's share in manufacturing is being gradually reduced."

only one car per 60 people in Turkey, compared to one per nine and one per 14 in Greece and Bulgaria respectively. There is also growth potential in production of specialized vehicles like ractors and tracks. Exports already exist in some parts of the sector with Otomarsigned equipment to act as a spur in research and production design in other high-technology sectors.

In the last three years the whole of Turkish industry has been undergoing a deep structural charge. The concept of import substitution, which dominated

thinking for years, has been san, a joint venture with abandoned and replaced by Mercedes-Benz, selling a policy of export-oriented

more than 20 percent of its buses to Middle East coundevelopment This has often meant un-Light industry is an area ripe for takeoff. It is hoped comforcable new policies in subsidies, customs duties and import regulations, that the planned new free zone at Izmir will help which previously cossered local industry. However, the result has been a strondraw more high-rechnology get industrial base as well while, the country's massive telecommunications as management attitudes geared to compete in world development program is markers. During the last three years, industry has shown its ability to adapt providing substantial work for the digital electronic exchange manufacturers Teleby achieving an annual growth rate of 8.5 percent.

Denationalization has

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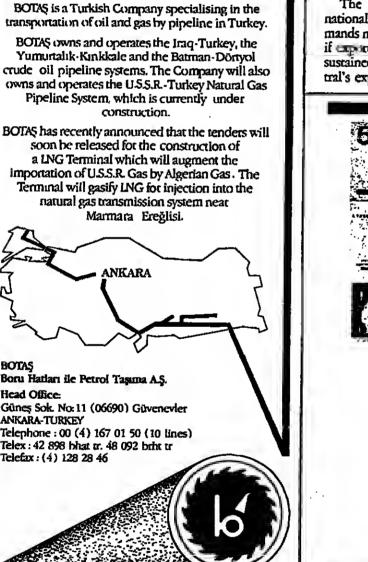
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been another key feature of the ruling Motherland Party's program for structural change. Attention is focusing on Turkey's state economic enterprises (SEEs), which were set up in the early days of the republic as a means of fulfilling Atarurk's dream of industrial self-sufficiency...

Protected by successive administrations, the SEEs had become unwieldy by the 1980s, overstaffed and unable to adapt to the new emphasis on export growth. Considerable changes have been effected to improve their industrial performance. Still, the public sector's role is due to decrease steadily as the government's privatization program takés hold.

According to Minister of State Yusuf Bozkurt, "We have aimed at a sound manufacturing sector viable within a competitive environment. That is why private capital is being actively encouraged and supported to invest in the manufacturing sector with a comprehensive package of incentives, while the state's share in manufacturing is being gradually reduced through disinvestment and privatization

-A.R.





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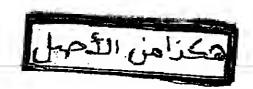
Integrated tourism investments and services including Ankara Sheraton Hotel and Kaunos Beach Hotel under construction, flight charter operations, travel agency services, rent-a-car services, bare boat charter and a chinese restaurant in Ankara...

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# Oil Still the Focus For Energy Needs

"N recent years discus- increase in production from sion in Turkey on energy marrers has tended to be dominated by plans for development of hydroelectrie resources,

percent of the country's energy needs. Determined attempts

continue to be made to increase production of oil in Turkey, which presently accounts for 13 percent of domestic needs. While oil was first discovered in southeastern Turkey in 1950, the relatively small size of fields has rended to limit international interest. Sustained exploration required a national effort. At the heart of national

-owned foreign in development plans is the state-owned Turkish Petroir advice nowadani leum Corporation (TPAO), mpanies to come is whose share of domestic mscives and to him production in 1987 was 51 xal people for then percent, followed by Shell, which has been operating in Turkey since 1925, with 38 percent and Mobil with 11 percent. In 1987 TPAO was aiming for a 25 percent

says the Istanbe er of one forcing That seems to make petter working on nt all around, and at when it was research local people are now

attract foreign invene government offer intial cax breaks for located outside the buil Marmara region ther developed arex ters can expen pane acourtecment.

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- John Lese

Mr. Özai and

ipandreou.

Orai's second clos TOTY last November n by rainy business as a sign that Turks w. a strong long-con ement opportunity. I re the election reals a green light for low eviously undecided in rs." says the Istanba errat. "We can expen to the foreign inter presence in Tuda ally broadening in the airead. And I conti :: those who do the rivinge will be plant what they find her! - Thomas Faulter

NATION **JRKEY** HURISM

Cet and culture : . / ands of years : : ass peaches reisse rationad - - - rovel - - - rents and

thermal power and potential nuclear programs. However, it is still oil that, whether domestic or foreign, still provides some 40

troleum sector through its pipeline subsidiary BOTAS, its matine transport company DITAS, its distribution company PETROL OFISI and its refining subsidiary TU-PRAS. TPAO plays a key role in

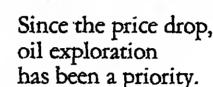
26,000 barrels a day.

As a vertically integrated

concern, TPAO operates in

every part of Turkey's pe-

Turkey's refining industry. The corporation's total refining capacity increased to 33.1 million metric tons a year in 1987. Its five complexes include Batman, which opened in 1956 as the country's first modern refinery, Atas (Merson), Izmir, Orca Anadolu and Iz-



mit, which boasts the larg- Iraq to Turkey. Another est dock-loading and unloading facilities in the

tion to bring Soviet natural castem Mediterranean. gas from the Bulgarian bor-TPAO also has a strategic der to Istanbul and Ankara. role as an operator of major A second pipeline is due to pipelines, These include be completed from Kirkuk, domestic lines from Batwhile discussions continue



Ozer Altan, chairman, Turkish Petroleum Corporation.

man to Dortyol (494 kilomerers), Adiyaman to Saril (82 kilometers), Saricik ro Pirinclik (41 kilometers), Selmo to Barman (42 kilometers) and the cross-border 980-kilometer pipeline from Kirkuk in northern

pipeline is under construc-

covered offshore.

on construction of a 1,900kilometer conduir from Iran's southern Khuzestan province to Iskenderun in Turkey. A pipeline to bring natural gas from Qatar is another project under consideration, says TPAO chairman and general manager

Despite relatively modest progress since world oil prices fell in 1986, oil explorarion remains a priority for TPAO. The maintenance of a steady program could pay increasing dividends in the 1990s when, as widely predicted by oil analysts, prices will begin to climb, making Turkey's smaller fields increasingly artractive for exploitation.

But Mr. Alran has no illusions, stating candidly: Turkey is an oil-dependent country, and according to the latest forecasts will remain so in absolute terms through the year 2000."

Nevertheless, TPAO estimares the country's oil reserves ar 10 billion barrels, and is actively seeking foreign partners to explore and jointly develop the licensing areas it holds. The investment environment is considered to be very favorable. Legislation passed in 1983 permits foreign companies to export up to 35 percent of any onshore petroleum they discover and up to 45 percent of oil dis-

#### Free Zones Underscore Export Trade

TURKEY's outwardlooking economic policy, which has seen exports increase from \$3 billion to more than \$10 billion between 1980 and 1987, is underlined by the country's extensive development of free-trade

A total of four are planned. Those at Mersin and Antalya are already partially operational, occupying areas of 765,000 and 573,000 square meters respectively. Upon completion of the others at Adana/Yumurtalik and Izmir/ Gaziemir, Turkey will have four major free-trade zones located at key transit points in the Mediterrancan basin.

Yalcin Alaybevoglu, director of the free-zones authority, says it is strongly hoped that successful operation of the zones will provide additional impetus for more rapid growth of for-

eign trade. Mr. Alaybeyoglu points out that the zones are close to the main markers of Europe, the Middle East and Eastern Europe, while companies operating in the zones also have easy access to Turkish markets. On the other side of the Mediterranean, Turkey's zones are

competing to some extent with a dozen others, as well as with areas in Greece and Cyprus. So what does Turkey have to offer the inves-

Quality infrastructure and reliable modern telecommunications are among the factors cited, while the cost of land, at some \$2 per square meter a year, is very low. The cost of labor - an average of \$70 a month for an unskilled worker - is attractive to investors. And the cost of utilities and port charges are also said to be lower than those of most Mediterranean countries.

As special sites outside Turkish customs territory, the free zones are exempt from all kinds of taxes. Here companies can store, exhibit, manufacture, assemble and test as well as process goods for trade outside Turkey.

The zone at Adana/Yumurtalik is likely to become the biggest free zone in the Mediterranean and Europe. In its first development phase, industrial and port facilities are due to be constructed on a 600-hectare site. Within 10 years it is envisaged that 100,000 jobs will be created within the zone. The development itself is expected to



Yalcin Alaybeyoglu, director, Free Trade

be the subject of a buildoperate-transfer arrangement. The U.S. company Bechtel, which completed a feasibility study on the Adana zone rwo years ago, is planning to form a joint venture with foreign and Turkish participants to develop and operate the zone.

Adana/Yumurtalik, on the northern coast of Iskenderun Bay, is considered to have wide-ranging potential, particularly for the increased output of agricultural produce expected to result from power generation and irrigation projects currently under way in southeast Anatolia,

Adana's free-trade zone,

it is argued, could provide the site for vegerable oil, poultry, and food-processing projects as well as canning, dairy production and cold storage. The potential of Middle Eastern markets, as much as those in Europe, is also encouraging the zone's planners to look at future demand for transir trade as the warring Gulf countries seek to rebuild their economies once the hostilities are over.

A different emphasis is being sought in the development of the Izmir-Gaziemir free-trade zone, for which a feasibility study was carried out by the Shannon Free Airport Development Company. The main purpose of the Izmir zone is to attract high-technology industry to Turkey.

Expropriation of land at a site 15 kilometers from Izmir and close to the city's new airport has begun. It is expected to take between five and eight years for the 2-million-square-merer zone to be developed. Its ultimare impact on Turkey's Aegean area will be considerable, with 36,000 jobs creared by industries generating projected gross value exports of \$900 million a year.

#### A Telecom Revolution

HERE is little doubt that without irs prodigious investment in telecommunications in the last four years; Turkey's considerable economic progress would not have been so

rapidly achieved. The country's multibillion-dollar investment program is well on the way to achieving its target of: establishing a communicanons network on a par with those of other major industrialized countries. Many of the goals of the 10-year deent program due to end in 1994 have already

been realized. Turkey's 36,000 rural communities are now connected to telephone services. All exchanges of more than 30 lines are automated while in the major. cities, particularly Istanbul and Ankara, waiting lists for telephone installations

going back as far as 15 years have been eliminated.

By 1990 half the country's network is expected to be based on digital technology, which in turn will hascen the introduction of advanced services such as packet switching, highspeed dara links and the steady buildup of Integrated Services Digital Nerwork (ISDN) rechnology.

The situation is vastly. improved compared to the chaos of just a few years ago. The relecommunications revolution in Turkey has also stimulated the development of local industries, producing advanced digital switching exchange equipment.

NETAS, in which the Canadian company Northern Telecom has a 31 percent interest, produces the latter's DMS digital switches in volume for the Turkish PTT at a plant near Istanbul. Similatly, Teletas, which recently underwent partial privatization, manufactures System 12 digital exchanges. Belgium's Bell Telephone, a former ITT subsidiary which provided the technology, has a 39 percent stake in Teletas, which is also located outside Istanbul

Turkey's 55 million people provide a solid customer base for the country's fast-developing telecommunications industry. The application of ISDN services and other facilities, particularly in the financial sector, is likely to enhance a now well-established high-technology sector which also shows considerable export potential. The Soviet Union could be a prime candidate whenever it decides to begin modernizing its own telephone system with digital technology.

What is the connection between China and Mensucat Santral?

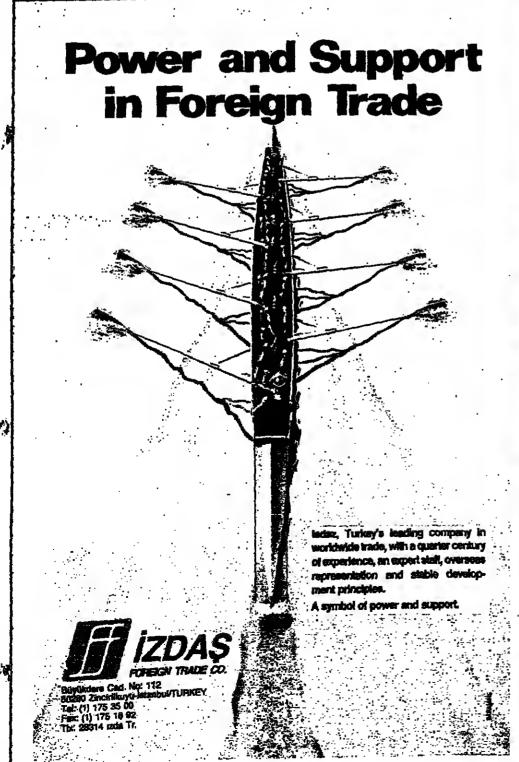
# Inswer:

China has a population of over one billion. We have produced over one billion metres of bed linen and interlinings so far.

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#### More Flights and Better Hotels Boost Tourism

Turkey from most European capitals is not much more than three hours. This proximity has awakened the international leisure market to the possibilities of this vast country, rich in coastal and inland beauty and legendary for its people's friendliness toward visitors. Surprisingly, Turkey is one of the least developed tourist

and Aegean regions. Turkey may have been slow to exploit the hardcurrency earning potential of its coast and historic

areas in the Mediterranean

sites, but on the other hand, in spite of its extensive development plans, it has been wise enough to avoid many of the pitfalls experienced by other countries in their accelerated and often uncontrolled expansion of

One of the factors inhibiting Turkey in the past was the physical limitations of access. For years Istanbul was merely an excursion for visitors spending the main portion of their holiday in Greece. But expansion in internacional air travel, particularly in the charter operations sector, has changed

the situation dramatically. It is now far easier to travel to Turkey. Foreign airlines have augmented the services of the national. carrier Turkish Airlines with daily, rather than weekly, scheduled flights to and from Istanbul. Major carriers also operate directly percent. to Ankara, while Izmir is also beginning to be fea-

The country's frustrating shortage of hotel accommodation for business travelers is being steadily overcome. The situation has already vastly improved compared to less than 10 years ago. The improvement will continue with a number of new five-star establishments opening in Istanbul, Ankara and resort areas on the coast over the next 18 months.

tured on international

In spite of these developments, Turkey still retains the aura of the great cultural crossroads it has been since the dawn of civiliza-

The sight of Istanbul, a bustling city of minarets and Islamic domes, bounded by the Sea of Marmara to the west and the Golden Horn to the east, is an indelible one.

In 1968 the only modern international hotel in the city was the newly opened Hilton. But this was when European mass travel was only just beginning. Istan-bul's leading hotel until 1968 was the Pera Palas, overlooking the Golden Horn. Still a popular destination with its evocaove 19th-century decot, the 96year-old hotel, now a histotic landmark, was otiginally built by Thomas Cook to accommodate Ori-

ent Express passengers. Near the Pera Palas is

202-room Etap Istanbul. The 459-room Sheraton Hotel and Towers was only the second major international hotel to open here. Now eight years old, it is a highly successful venture with an occupancy rate that has never fallen below 75

There is still room in Istanbul for more five-star hotels to accommodate holiday traffic, business visitors and the needs of the burgeoning international conference and convention market. Sheraton is currently looking into developing a second hotel in Istanbul on the Bosporus. Meanwhile, Ramada has joined the ranks of internationals operators with its 250-room hotel near the Laleli Mosque in the old part of the city, opened last Au-

Many other developments are marking Istanbul's move into the European travel network. The work is not all large-scale: a formerly decayed mansion between St. Sophia and the Blue Mosque has been splendidly restored to its former glory by the Turkish Touring and Automobile Association and re-

Yesil Ev hotel

lies the still largely untapped potential of a superb coastline unpolluted by industrial and urban development and some of the finest and most extensive archaeological sites in the

Topkapi Palace (below); the "petrified cascades"

of Pamukkale (right);

and Tarabya Bay

(lower right).

business traveler are steadily improving. opened as the 20-room world. Turkey's Hellenistic

Accommodations for the

riot to those found in New five-star Hilton and Sheraton hotels are also Greece itself. The superbly preserved and restored site of Ephesus planned for Ankara, whose. only deluxe establishment at present is the Buyuk Hoon the Aegean coast, which tel, which operates at albecame the Roman capital most 100 percent occupanof Anatolia, is one of the cy throughout the work seven archaeological Wonders of the Ancient World.

It is one of many Roman

and that ecological balances may be disturbed. However, the planned increase in Turkish tourists, which remains are arguably supenumbered some 2.5 million in 1987, seems modest

> and the 40 million that travel to Spain annually, Tourism earned Turkey \$1.3 billion last year and the aim is to increase this amount to \$5 billion a year

and Greek antiquioes along

the western and southern

shoreline. Elsewhere, Cap-

padocia's unique limestone

formations and the ancient

sculptures of eastern Tur-

key beckon the visitor with

Naturally, there is some

fear that a substantial in-

crease in foreign visitors

will have a deleterious ef-

fect on traditional society

when seen against Greece's

six million visitors a year

their mystery.

in the next decade. The government is offering attractive incentives to developers, including grants of up to 16 percent of investment in fixed assets in hotels of 500 rooms or more and tax credits of up to 100 percent of the entire investment cost.

One of the larger projects nearing completion is a Sheraton development at Antalya. The botel, which is being jointly developed with Polly Peck's leisure subsidiary Voyager Medirerranean, will represent the largest and most luxurious resort hotel on the Turkish Riviera with its 1,050 rooms in three wings.

Club Mediterrance, the German-Swiss Club Robinson and the Belgian-Tuckish Club Salima are already well-established in southern Antalya Others are sure to follow. The British Sunmed holiday company, one of the first tour operators to organize package holidays to Turkey's coastal resorts, expects to sell 70,000 trips in 1988, compared to 45,000 last year.

Its managing director, Vic Facah, says: "Turkey is like the Greece of 10 years ago. It appeals because there is a touch of the exotic and unknown, as well as sunshine." Turkey in fact offers much more. It is exotic and sophisticated enough to satisfy both the sun seeker and the more erudite tastes of travelers seeking the experience of a country born of ancient civilizations overlapping both Europe and Asia.

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#### one of the newcomers, the Beyond the major cities Discover a New Wealth

in Turkey with TPAO

Modern Turkey, which contains the northern regions of historical "Mesopotamia", is an ideal place for oil explora tion. Indeed, prospects, from the geological point of view, are not any less m regions of the Middle East oil belt. It is like a tranquil island in the region, where the most liberal economic market conditions exist. It enjoys a very healthy and expanding economy with one of the highest rates of economic

work links Turkey via satellites with every corner of this planet. Transportation facilities are similar to any other western country. However, such a promising cal setup has been tested, on the average, by 14 exploration wells per exploration in the 1930's. Taking into account the fact that Turkey is the largest country in Europe with the exception of the U.S.R., colling Turkey on essential-

Center of this setting is Turkish Petroleu Corporation, the largest state economic enterprise, with a tradition of more than half a century. Turkish Petroleum Corporation (TPAO) employs over 5,000



34 rigs, of which over 25 are operational at any given time, in lic millions of ocres of Turkey's most areas for petroleum exploration. TPAO, producing from over 300 oil wells is the biggest producer in Turkey including its international competitors. Its experts are ready to assist you in any field from exploration to production ryou may be a partn on independent in Turkey. Its are today employed in of the world from Indonesia very comer of the world tro lo Canado, from Saudi Arabio lo Norway. TPAO offers even more to es which may wish to o the region from a comfortable and stable bose. TPAO has just been authorized to engage in expl production and drilling activities companies. Considering that Turkey enjoys excellent relations with ALL countries in the Middle East the prospects are apparent. Presently, there are more than a dozen promi companies actively engaged in petro-leum exploration in Turkey. About half of them are the top shots of the all



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#### Are Midi's Convertibles An Outrageous Giveaway?

By CARL GEWIRTZ International Herald Tribune

ARIS - Compagnie du Midi, the French insurance group at the center of the latest takeover rumors on the Paris Bourse, took center stage in the Eurobond market last week with two bonds convertible into common stock. The controversy focused on whether the bonds were an outra-

geous giveaway to select friends of the company.

The dispute about the pricing is probably the most important element. That is what makes the paper appealing, and what makes dealers frustrated at not being able to get any.

The conversion

price represents a

discount, but the

lead bank notes the

stock price can fall.

Midi's motivation in selling the bonds is no secret. It does not want to be taken over by Assicurazioni Generali SpA of Italy,

which has a 13.6 percent stake and has indicated in the past that it might seek control. Generali denied last week that it was seeking control.

A Midi spokesman said the

issues were intended, apart from raising capital to finance future growth, to place shares with long-term investors willing to "go along with manage-

This raises the prospect that the bonds will not be generally available and are being offered only to investors identified as friendly to the company.

But officials at the lead manager, Swiss Bank Corp., reject

market comment that the issues are really private placements. The terms on Midi's bonds are notable because they go against market custom. The standard procedure on convertibles is to set an exercise price to buy the stock at a premium to the prevailing stock exchange quote. The premium varies widely, usually in a range of 10 to 30 percent.

. But in Midi's issues, the exercise price was set at a discount. The 10-year issues — £275 million (\$522 million) of 3 percent bonds and 330 million European currency units of 21/2 percent bonds — carry identical conversion terms. After 30 days, the face value of the bonds can be exchanged for shares at a price of 1.510 francs (\$265). After two years the conversion price rises to 1,800

The bonds are being issued at a price of 108 percent of face value, meaning investors pay £1,080 to buy paper with a face value of £1,000. This raises the actual starting conversion price to

DUT the share price on Paris Bourse, driven up by the frenzy of the takeover rumors, ended the week at 1,790 francs. Assuming the stock price does not fall, the convertible bonds give an immediate 9% percent gain for anyone buying the bonds at the offering terms, converting into stock and then selling the shares. That explains why dealers are panting to get their

hands on the paper.

Swiss Bank Corp. officials say this is not quite the giveaway that the market assumes. The bank takes the view that what goes up sharply in price can also fall.

The share price has been extremely volatile—rising from 1,133 francs at the opening of the year to a high of 1,801 last week as Generali built up its holding in Midi and as Paribas increased its

own stake to about 5 percent.

As a result, Swiss Bank Corp. used the average price of the last 20 trading days, a frequent pricing standard, as a fairer measure of the value of the shares than the last quoted price. That 20-day average was 1,350 francs, and the conversion price of 1,630 francs represented a premium of 20.7 percent.

The amount being raised is large—the equivalent of \$1 billion, or 5.7 billion francs—and some incentive is needed to mobilize investors. The potential share increase represents a 20 percent dilution of cristing stockholders. own stake to about 5 percent.

The French stock exchange commission acknowledged an embarrassed silence about the bond offerings. An official noted that Midi had obtained stockholder approval to issue the new stock and therefore was free to do so at the terms it desired. In addition, the official said, the commission has no jurisdiction outside France over issues floated in the international market.

Nevertheless, the official said the commission did object to an initial proposal to turn the bonds into a kind of "poison pill" antitakeover device. He said Midi had wanted to set an additional transfer and proposal to turn the bonds if the commany was every

premium redemption price on the bonds if the company was ever

The final form of the terms give holders the right to request redemption, after five years, at the offering price of 108 percent. This option to put the paper back to the issuer is a common feature, limiting the risk to investors of a subsequent fall in the

In addition, the option can be exercised at any time in the event See BONDS, Page 17

#### **Currency Rates**

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> Last Week's Markets All figures are as of close of trading Friday

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#### N.Y. Bank

Has 46% Of Irving

Hostile Bidder Extends Tender

Compiled by Our Staff From Disputche NEW YORK — Bank of New York Co. says that it has acquired 46.6 percent of the shares of Irving Bank Corp. and that it has extended its hostile tender offer for five days, until Wednesday.

The announcement Saturday was Bank of New York's latest move to defeat a friendly offer by an Italian bank, Banca Commerciale Italiana, for cootrol of Irviog.

The Bank of New York said that as of the close of business on Friday. 7,684,394 Irving shares had been tendered and not withdrawn. 1rving has been fighting Bank of New York's advances since Sep-tember. Bank of New York is offer-

ing 1.575 of its common shares and \$15 in cash for each of Irving's 18.1 million common shares in a merger valued at \$1.08 billion. Bank of New York has set several conditions on its bid for Irving.

at conditions on its bid for Irving, including elimination of "poison pill" provisions. Bank of New York is also waging a proxy fight to gain control of Irving's board.

Irving's board bas approved an offer by BCI, Italy's second-largest

bank, of \$75 cash per share for 8.5 million shares, or 45 percent of Irving, in a transaction valued at \$638 million. Financial analysts say they see Bank of New York's offer as superior. A Merrill Lynch analyst, Law-rence Cohn, said, "Based on what I have seen so far, Banca Commer-

ciale can't afford to raise the bid or ciale can't afford to raise the bid or is unwilling to,"

On Friday, a New York State Supreme Court judge ordered Irving to coovene its annual meeting briefly on Saturday and adjourn it until May 6, when he said votes for the proxy fight would close.

The ruling gives Irving share-holders until May 6 to choose whether to elect a slate of 16 direc-

whether to elect a slate of 16 directors proposed by Bank of New York or to vote against those direc-tors, which would have the effect of supporting Banca Commerciale's bid. The judge's ruling slows the attempt by Irving to bring about a heated auction between the suitors. (Reuters, NYT)

#### 'Circuit Breaker' Turns Off Experts

#### **Even Its Backers** See Stock Brake As Weak Device

By James Sterngold New York Times Service NEW YORK — As the stock

market went into its chaotic tailspin Oct. 19, the New York Stock Exchange struggled to keep trading open and preserve a bedrock principle: that the ex-change provides a marketplace where investors can always buy or sell stocks at fairly determined

prices during operating hours.

Protecting that principle of liquidity became a source of great pride for the exchange, Now, though, in a remarkable philo-sophical shift, the New York Stock Exchange is nearing an agreement with other exchanges and U.S. government officials on a plan that would halt trading in times of stress.

This so-called circuit breaker would shut down the markets temporarily if they swung too widely, with moves of 150 to 300 points on the Dow Jones industrial average being discussed.

Few market experts, however, including most of those devising the circuit breaker, see it as a meaningful tool to prevent a stock market crash. The circuit breaker concept, they say, could prove a counterproductive response to the market flaws exposed by the October crash.

"I think this will scare what

lew small investors are left away from the market," said Roberta S. Karmel, an NYSE board member and former member of the Securities and Exchange

"Clearly, some people like this because it is a catchy phrase that the public can understand easi-ly," she said. "But the point is that closing the market is an admission of market failure. It is not fixing anything. This is being done because it is the politically expedient thing to do."

At the least, the experts said, the measures may mislead the public into believing that a cure-all has been found, when the industry is far from agreeing on solutions to complex and politi-cally thorny issues that might do more to restore stock market integrity. Even John J. Phelan Jr., who



Black Monday: Should market ever be brought to a halt?

as chairman of the NYSE is a major participant in the discussions, expressed deep misgivings.
This may have some value in giving everyone a breather, but this is no cure-all," he said. "It's become a very trendy thing to talk about circuit breakers."

He said the proposal resulted largely from a desire by Wall Street and U.S. officials in demonstrate that they had been tak-ing some kind of action to bolster the market system since the

"If you decide to close down markets at 75 points or 100 points or 150 points, you tend to give people the idea that the mar-

give people the idea that the mar-kets are safe, that there is no risk." Mr. Phelan said. "But they aren't. They are full of risks." Among the plan's backers is Leo Melamed, a senior official at the Chicago Mercantile Ex-change, the key market for trading stock index futures contracts. But even be is lukewarm to the circuit breaker concept, seeing it

only as a step toward meaningful He said a shutdown was not an

ideal solution, but added: "It is not a small item — it is high on my list of prioritles. The point is that if we can get by this issue, we can get to some of those other

Some experts fear that shutting down a runaway market, never tried in the modern U.S. market system, could add to the panie of investors. They would suddenly find themselves holding securities of uncertain value with no ready way of trading

In recent weeks, Mr. Phelan and Mr. Melamed have come close to agreement with other industry and government leaders on a plan to stop all securities and interpretable in the control of the property of the control of trading temporarily in a coordi-nated fashion after a certain level

is crossed.

Some of the leading stock trading houses on Wall Street See MARKET, Page 19

#### **GM** Is Dropping Firestone as A Tire Supplier

AKRON, Ohio - General Motors Corp. is dropping Firestone Tire & Rubber Co. as a supplier of tires for new GM cars and trucks. which account for about 20 percent of Firestone's production in the United States, the companies said

The unexpected development came as Firestone shareholders are preparing to vote Monday on a \$2.6 billion buyout offer from Bridgestone Corp. of Japan, although Firestone said the GM move would

not affect the merger plans.
In agreeing to acquire Firestone,
Bridgestone indicated that the merger would help it become a global tire maker. In addition to its production and marketing capacity, the Japanese company cited Firestone's role as an original equipment supplier — Bridgestone's weakest area — to Ford Motor Co. and GM as a rationale for

the acquisition.
Firestone said it learned of GM's planned phaseout on Friday. There was no immediate comment from

Bridgestone.
John J. Nevin, chairman and chief executive of Firestone, said in a statement that he was "surprised and disappointed" by GM's move, but that Firestone was confident it would find other markets for its tires without burting profits. GM plans to reduce Firestone's

role as a supplier significantly in the second half of this year, and will eliminate the tire maker from us supply base over a period of up to two years, Firestone said. A GM spokesman, James Crel-

lin, said in a telephone interview from Detroit that the move was part of the automaker's "ongoing supplier-rationalization study a periodic review of suppliers' capacity and future needs — and he indicated that it was not linked to the impending boyout by Bridges-

"We've got four other tire suppliers: General Tire, Goodyear, Michelin and Uniroyal-Goodrich," Mr. Crellin said. "There are oo plans to look for another supplier at this time. We will be informing the other four tire suppliers of the availability of increased business."

Mr. Crellin declined to say how long the phaseout would take, and he said it was GM's policy not to discuss the amount of business it does with any suppliers.

GM's biggest tire supplier is Uo-iroyal-Goodrich, which supplies 34 percent of its tires, according to

See TIRES, Page 19

#### Lawson Opposes A Further Rise For the Pound

Compiled by Our Staff From Dispatches LONDON — Nigel Law-son, the chancellor of the Exhequer, said on Sunday that he did not want to see a further rise in the value of Britain's pound because recent gains

looked unsustainable. "I certainly do not want to see the exchange rate appreci-ate further," he said in a televi-sion interview with the British Broadcasting Corp. "An unsustainable appreciation does no one any good and is damaging for business and indus-

The pound rose to 3.1600 Deutsche marks before easing

slightly on Friday,
Strong overseas demand for
the pound is putting pressure
on the government to sanctioo a further cut in bank base interest rates from the current 8 percent level. Britain has cut interest rates twice in recent weeks to try to arrest a rise in the value of the pound that is pinching export receipts.

Until early March, Britain had held the pound below 3 DM for about a year through intervention on currency markets. But sustained intervention is inflationary, and Mr. Lawson noted Sunday, "We are certainly interested in the maximum possibility of ex-change rate stability within the context of sound anti-inflation (Reuters, AP)

#### U.S., Japan Fail Again dilution of existing stockholders. A moot point for the market is whether Swiss Bank Corp. is simply doing its utmost to be fair or whether it is really filting in

By Patrick L. Smith International Herald Tribune

TOKYO - In a series of talks that ended over the weekend, U.S. and Japanese officials failed to ig the issue to a decisive phase.

Both sides left the bargaining ta-

ble Saturday saying they were more divided than when the talks began a week earlier. The failure casts further doubt on whether the conflict on agricul-

ural imports, which bas emerged as a critical trade issue in the past month, can be resolved without resort to the Geneva-based General Agreement on Tariffs and Trade.

"I'm nervous about this; I don't like the vibrations right now," said Michael B. Smith, deputy U.S. trade representative and head of the U.S. delegation. "From my point of view, we've moved further apart." apart."
The chief Japanese negotiator.

Hidero Maki, echoed this assess-ment. He described the U.S. posi-

tion on farm imports as consisting of excessive demands. Takashi Sato, Japan's agriculture, forestry and fisheries minis-

a final round of talks in Washington with the U.S. trade representa-

tive, Clayton K. Yeutter. Mr. Sato's previous talks with Mr. Yeutter broke down just before reach agreement on Japanese im-ports of beef and citrus fruit, bring-which Japan controlled agricultural imports expired March 31.

Prime Minister Noboru Takeshita is to meet Monday with gov-criment officials and senior mem-bers of his Liberal Democratic Party to decide what compromises Mr. Sato should deliver. Mr. Sato is expected in propose

bberalizing Japan's beef market over a three-year period — a con-cession of two years — and is market for oranges and orange jince over five years, Japanese newspapers reported Sunday. This would be contingent, however, on Mr. Youtter's accepting "a

low import surcharge after liberalization," the reports said, quoting government officials who were not identified. Japanese officials indicated Sun-

day that they were now seeking a "political solution" to the bberalization issue, meaning one involv-ing senior officials that takes inm ter, is scheduled to leave Tokyo on Tuesday for what is expected in he See FARM, Page 19

#### Orders for U.S. Machine Tools Fell in March, Rose in Quarter

By Kurt Eichenwald

New York Times Service NEW YORK —Orders for U.S.made machine tools fell 14.6 percent in March from the previous month, to \$254.40 million, according to a report scheduled to be made public Monday by the industry's trade association.

But the monthly figure for March represented a 54.9 percent increase over March 1987, the trade association, the National Machine Tool Builders' Association, said in its monthly report. Despite the March decline, or-

ders for all of the first quarter were sharply higher than in the previous year. Orders for the first quarter totaled \$849.95 million, a rise of 83.3 percent over the first quarter industry experts said that be-

cause of the increases earlier in the year, the March results were positive, representing a favorable exchange rate, a strong rate of increase in capital goods exports and a growing cost competitiveness of the manufacturing industries in the United States "Although March orders de-clined slightly from February, it was still a good month," said James

ruary, the overall picture remains very encouraging. Comparing 1988 figures to those for 1987, we see an across-the-board rise."

Machine tools are power-driven devices that cut or shape metal parts. Economists consider their sales to be a major indicator of capital spending by the makers of such metal products as automobiles, airplanes and other manufactured goods.
Orders for metal-cutting tools.

including lathes and boring mills, fell 23.4 percent, to \$191.85 miltion, from their level in February. Metal-cutting machines typically account for about two-thirds of the industry. For the first quarter, orders for such tools totaled \$666,20 million, a 104.3 percent increase from the same period a year earlier.

the industry, orders for such tools as large presses for making sheet metal increased 31.3 percent in March, to \$62.55 million, from February levels. For the first quarter, orders totaled \$183.75 million, up 33.5 per-

In the metal-forming segment of

cent from the corresponding period Total machine tool shipments chimbed 24.5 percent in March A. Gray, the association's president. "Following January and Feb-from \$166.45 million. from February, to \$206.8 million



#### HYPOBANK INTERNATIONAL S.A.

#### HEALTHY GROWTH IN 1987

Yn 1987, Hypobank Inter Inational S.A., Luxembourg, again achieved satisfactory growth in both its broadly-based Euromarket business as well as in

During its 15th year of op-erations in Luxembourg. the bank's balance sheet total reached DM 7.52 billion and operating income was up 5%.

Afull 75% of the loan port-folio was concentrated in Western Europe, with the largest part accounted for by West Germany. The Bank strengthened its position in interbank money market trading and

expanded its overall securities-trading activities.

Drivate banking activities I made a positive contribution to operating income. In addition to the traditional investment opportunities, all the major new instruments such as stock and bond options and futures, etc., were made available for high net-worth private clients.

At year-end 1987, share ca-pital was unchanged at DM 80 million and total net worth amounted to more than 3% of the balance sheet total. The Bank'a shares were held by Bayerische Hypotheken- und Wechsel-Bank AG, Munich.

Por your copy of our 1987 annual report, we invite you to contact us at: HYPOBANK INTERNATIONAL S.A., 37, bd du Prince Henri, P.O. 453, L-1724 Luxembourg. Telephone: 4775-1; Telex: 1570.

Highlights of the Balance Sheet for 1987

Assets	OM millio	
Balances with banks	3,54	
Balances with customers	3,54	
Securities	25	
Other financial and capital assets	17	
	7,51	
Liabilities	DM millio	
Deposits and Current accounts	6,92	
Capital and reserves	23	
Others	36	
	7 54	



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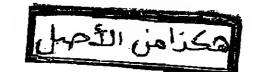
Westdeutscha Landesbank, BA Tower, 38th Floor, 12 Harcourt Road Hong Kong, Telephona (5) 8 42 0288, Telax 75142 HX

Westdeutsche Landesbank

One of the leading, Marketmakers

435

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12.73 NL 98.99 NL 12.14 13.20 9.18 9.96 1:10.85 NL 19.40 NL 19.40 NL 14.71 16.06 16.71 16.06 16.71 16.71 16.06 1

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oc 1 oc			Co	mpiled	by Lau	rence l	Desvilenes April 2
gs Isn't e Way	Issuer	Amount (millions)	Mat.	Coup.	Price	Price end week	Terms
C My	HOATING RATE NO	TES	:				
	Flosh VII	\$ 36	1992	0.16	100,111		Over 6-month Liber. Nescollable. Fees 0.11%, Denominations \$100,000.
	Alliance & Leicester Building Society	€ 150	1995	0.10	100	-	Over 3-month Libor until 1992, and 0.17 over thereofter. Redeemable at par in 1992 and collable at par in 1993. Feet 0.33%. Denominations £10,000.
1	Jets IV	Y 5,440	1993	5 1/16	101%		Notcollable Fees 18%
	FIXED-COUPON						
	property of the second	\$200	1990	8%	107 -		Noncollable, Fees 136%.
000	Flat Finance & Trade	· \$100	1991	81/2	1011/4		Noncollable, Fees 116%
N .	Skondinoviska Enslakta Banken	\$200	1990	81/4	101.10		Noncellable. Foes 187%.
SOUTH AND THE SECOND SE	LKB Baden- Surritemberg Finance	DM 300	1998	6	100%	98.50	Noncollable, Fees 25%.
ida One	Wella Int'l Finance	DM 50	1995	5%	101	100.00	Noncollable. Fees 264%. Also 500,000 Invo-year warrants, priced at 11.85 marks each, entiring holders to buy \$100 at 1.669 marks per deltar.
	Westfalenbank Int'l	DW 30	1993	5	99%	_	Noncollable. Fees not disclosed.
k	Austria	£ 100	1993	9	1011/2	99.75	Noncellable. Fees 11/7%
*	Eleportfinans	£ 100	1993	9%	1011/2	99.00	Noncallable. Fees 1%%.
¥ / 14	Hydro Quebec	€ 75	1995	9%	101%	98.88	Noncolluble, Fees 1%%.
	Int'l Finance Corp.	€ 40	1993	91/6	101%	_	Noncollable. Fees 1%%.
i.	Pepsico	€ 60	1993	91/4	101%	99.38	Nancallable. Fees 1%%.
	Société Nationale des Chemins de Fer	€75	1995	91/6	100%	98.13	Noncollable, Fees 1%%,
the state of	Akzo	DF 200	1996	6	1001/2		Noncallable private placement, Fees 2%.
	Sumitomo Bank Capital Markets	m. 75,000	1993	111/2	101	99.25	Noncollable. Fees 1%%,
23	Kredietbank Int <sup>®</sup> l Finance	DK 300	1996	1014	100	98.13	Nancollable. Fees 2%.
WIND RE	Bonco di Roma	ECU 100	1993	71/2	101%	98.83	Negotieble Fee 18%

The state of the s The state of the same of the s ECU 100 1993 792 101% 98.83 Noncollable, Fees 1%% ECU 87.9 1992 71/1 1011/4 99.38 Noncollable, Fees 11/1%. Société Nationale Elf 1993 7% 101% 99.13 Noncollable, Fees 1%%. ECU 50 The last of the la Banque Générale du C\$ 50 1993 10 101¾ 99.75 Nancollable, Fees 1%% Luxembourg STEERING BE Merrill Lynch C\$ 100 1991 10% 101.30 100.00 Nancallable, Fees 1%%. ्रे प्रस्तित स्थापित स्थापित स्थापित स्थापित स्थापित स्थापित स्थापित स्थापित स्थापित स्थापित स्थापित स्थापित स National Australia 10114 99.75 Nancollable, Fees 1904. 10 Bank :: ्रेस क्षेत्रकारिक स्थापनाम्बद्धाः स्थापनाम्बद्धाः CS 50 1991 10 1011/4 100.25 Noncollable, Fees 11/6/4. Lecture of ABN Australia Aus\$75 1993 12½ 101¾ 99.88 Noncollable Fees 2% 100 mm **Australian Trade** Aus\$ 60 1995 121/4 1011/4 99.75 Noncollable, Fees 201%. 7-12-27-27 THE WELL Bayerische Aus\$ 75 1993 -121/4 1017/4 100.13 Noncollable, Fact 2% Landesbank Int'l The me and a series about NATH PROM Benmork Aus\$ 75 1993 12¼ 102 99.90 Noncollable. Fees 2% and the sounding Eleportfinans' Aus 75 1995 12% 102 100.13 Noncoliable, Fees 2%, The warm of the fact **GMAC** Australia Aus\$ 50 1991 12¼ 101½ 99.88 Noncoliuble, Fees 114%.

Aus\$ 75 1993 1214 1021/6 100-28 Noncolloble, Free 2%. Oesterreichische Kontrollbank . . ಗ್ರಾಪ್ತಿಯ ಬಾಹಕರ Aus 150 1991 121/2 1011/2 99.75 Noncollable, Fees 11/2%. State Bank of New A CONTRACTOR Swedish Export Credit .: Aus\$75. 1993 121/4 1011/4 99.75 Noncellable, Fees 2%. Aus\$ 50 1991 1214 1011/2 99.88 Noncultable, Fees 11/24. WestLB Finance and the second Ain\$75/ -1990 1214 1011/2 100.05 Noncollable. Fees 11/4. tera gravej uvende<u>mi</u>. Credit Lyonshills; " NZS 80 " 1993 13% 101% 99.75 Noncolitale Fels 2% TOWN THE PARTY OF THE PARTY OF Canada and the neighboring Boncu Nazionale del Y 5,000 1993 6 101% Noncollable, Redeimpion amount of tooturity will be linked to the performance of the Nilder stock index. Fees 175%. Denominations 10 million yen, and the second The second second second second Hovedstadsregionens 1993 to in 1991 with red

infect to the prior of the Japanese government band futures contract due Dec. 1970. Fees 1876. Denominations 100 million year. Noncollable. Rederaption amount at maturity will be linked to the performance of the Nikkel stock index. Fees 1%%. 101% Y 10,000 1992 8 Post-Och Kneditbonken Redemoble and callable in 1991, with redemption amounts then and at motority linked to the performance of the NRIde; stock index. Fees 19/%. Suth Australian 1993 7 Government Financing Authority Redeemable and culiable at 103% in 1991. Fees 196%. Denominations 10 million yes. 1992 7% 115% Y*7*,000 Sparekassen moble and collable at 95% in 1991. Proceeds 5 billion Sparekassen y 6,000 1992 zero ions 10 million year. Noncollable Redemption amount at maturity will be linked to the performance of the Nikkei stock index, but will not 1993 5% 101% Swedbank exceed par. Fees 1%%.

7 7 7 EQUITY-LINKED 98.25 Coupoi indicated at 6% to 7%%. Convertible at an expected 20 to 25% premium. Fees 25%. Terms to be set April 28. \$75 2003 open 100 Cellular . 104.00 Coupon indicated at 44%. Nancallable, Each \$5,000 note \$100 1993 open 100 Daicel Chemical with one warrant exercisable into company's shorts at an expected 25% premium, Fees 25%. Terms to be set April 28. Industries 101.00 Coupon Indicated at 414%. Noncallable. Each \$5,000 note \$70 1993 open 100 with one warrant exercisable into company's shares of an expected 25% premium. Fees 26%. Terms to be set April 27. 1()5,50 Nancatiable. Such \$10,000 note with one warrant exerci-oble into company's shares of 1,558 yes per share and of 125 yes per share. Fees 26%. 1993 3% 100 \$500 102.50 Noncollable, Each \$5,000 note with one warrant exercisable 1993 414 100 Godo Steel into company's shares at 882 yen per share, and at 125.40 yen per dollar. Feas 25%. 102.00 Noncollable. Each \$5,000 note with one warrant exercisable \$50 1993 41/4 100 Kobe Electric Railway into company's shares at 954 yen per share and at 125.40 yen per dollar. Fees 174%.

99.00 Coupon indicated at 44%. Nancollable, Each \$5,000 note with one warrant exercisable into company's shares at an expected 25% premium. Fees 26%, Terms to be set April 27. \$150 1993 open 100 Nichimen 100.00 Coupon indicated at 44%, Nancallable, Each \$5,000 note \$80 1993 open 100 Nippon Metal with one womant exercisable into company's shares at an expected 25% premium. Fees 24%. Terms to be set April 28. 102.00 Noncollable. Each \$5,000 note with one warrant exercisatile into company's shares at 958 yen per share and of 125 yen per dollar. Fees 24%. \$ 50 1993 41/6 100 Nessin Bectric 102.50 Coupon indicated of 4%%. Noncollable. Each \$5,000 note \$120 1993 open 100 with one warrant exercisable into company's shares of an expected 24% premium. Fees 24%, Terms to be set April 27. Restaurant Seibu 106.00 Noncollable. Each \$5,000 note with one warrant exercisable \$300 1993 A into company's shares at 1,476 yen per share and at 124.75 yen per dollar, Fees 24%. Sekisui Chemical Coupon will rise to 694% in 1993. Collable at 105 in 1993. \$60 2003 7% 100 Dieingarten Realty tible at \$29% per share, on 11.3% premium, Fees

> 100:00 Coupon indicated at 41/7%. Noncolleble. Each \$5,000 nate 1993 open 100 \$ 50 Zenchiku with one warrant exercisable into company's shares at an expected 24% premium. Fees 25%, Terms to be set April 27. Redeemable every year starting in 1993 to yield 9.45%. Collable of par in 1998. Convenible of 324 pence per share, a 15% premium. Bonds are offered to shareholders and £ 150 2003 6 100 Slough Estates holders of company's 8% bonds due 1994.

> Semionnucity, Redeemable at par in 1993. Conventible at 1,51ft French francs per share for 2 years, and at 1,600 francs thereafter. Fees 29%, Denominations £ 10,000. 1998 3 Compagnie du Midi Semiconucily, Redeemable at par in 1993, Convertible at 1,510 French francs per share for 2 years, and at 1,800 1998 21/2 ECU 330 Compagnie du Midi

Kuwait Investment Agency Buys 7.4% of Brazil Fund

The Brazil Fund, based in New

New York Times Service WASHINGTON - An invest-

for investment purposes only. ment arm of the Kuwait govern-York, has 12 million outstanding shares. The fund was offered to the ment has purchased a 7.4 percent holding in Brazil Fund Inc., a single-country closed end investment

In a filing with the Securities and exchange commission, me sound to gle-country funds have grown in average price of \$11.84 a share. Investment Authority said that it 

had bought the Brazil Fund shares popularity because they offer the advantage of investing in countries whose governments strictly limit investment by foreigners.

shares. The fund was offered to the public on March 31 by First Boston the Kuwaiti government purchased Corp. and Scudder, Stevens & the 893,000 Brazil Fund common Clark as investment adviser. Sin-shares on the open market for an

#### Belgium Raising a Loan At Extremely Low Rate

riskier because banks never want to

Currently in the public market,

Gulf Canada is seeking \$325 mil-

for the first three years and a term

Bank of America, which is ar-

ranging the loan, said a group of

dealers not yet fixed would be of-

however, the stated maturity of the

loan cannot be less than five years.

guarantee to take up any short-

term notes not sold to investors.

The banks will earn an annual fa-

cility fee of 10 basis points. The

maximum interest Gulf Canada pays is set at 15 basis points over Libor, and banks underwriting \$25

million will be paid a front-end fee

The loan replaces a \$650 million credit that Gulf Canada arranged

in 1986, of which half has been

canceled. The company had been

paying a commitment fee of 12½ basis points and a drawing charge

The Electricity Supply Board of

Ireland appointed Manufacturers

Hanover Trust to arrange a five-year loan of 135 million Deutsche

marks. This will be the first inter-

national borrowing by the stateowned ESB not carrying the explic

it guarantee of the government.

This is a growing trend within

Europe - France and Italy have

recently adopted the same tactic -

of having state-owned entities bor-

row without a guarantee. It permits

an increase in de ht without the gov-

ernment's having to show that on

lower, Manufacturers Hanover of-

ficials say only that it will be "sub-

its own books.

of 37% basis points over Libor.

of 5 basis points.

As a result, the underwriters

loan for the final five years.

below that of other banks.

By Carl Gewirtz

International Herald Tribune be seen paying more than a com-PARIS — Belgium, banking on petitor had paid. In addition, pritherarity of its name in the interna. Vate placements are not traded, tional credit market, is raising a avoiding the emhartassment of \$400 million loan at terms most having an FRN trade at a price analysis say they believe to be the lowest ever seen.

The borrower is Societé Nationale de Crédit à l'Industrie, a finan- lion. This will be a revolving credit cial arm of the state with a govern-

#### INTERNATIONAL CREDIT

ment guarantee. The five-year loan, to be used to repay existing Swiss franc debt, will pay interest of 10 basis points, or 0.1 percent, over fering investors one, three- or six-month Gulf Canada notes. To avoid Canadian withholding taxes, the London interbank offered rate.

There is no commitment fee as the loan is to be drawn within one month of the signing. The front-end fee for banks underwriting \$35 million amounts to 64 basis points.

Bankers active in the market said they could not recall a fully drawn loan where lenders received less than one-eighth percent, or 12% basis points.

Loan officers at Société Générale, the French bank that is arrang-ing the credit, said banks in the European Community would find the terms attractive since lending to any EC government carries zero risk weighting on the banks capital. The income from the loan is therefore all profit.

Meanwhile, Société Générale itself announced that it had placed with investors in Japan \$372 milhon of 10-year subordinated debt. which counts as secondary capital for the bank. The amount represents about a 10 percent capital increase.

Société Générale can postpone interest and redemption payments if in any year it reports a loss.

Neither Merrill Lynch, which arranged the private placement, nor Société Générale would say what the rate of interest is. But sources put the all-in cost close to 40 basis points over Libor.

The ESB is paying 20 basis points over Libor. Manufacturers Bankers estimate that in the last year some \$4 billion of such private Hanover officials said the governplacements have been taken hy ment itself would be able to borrow Japanese institutional investors, at least 5 basis points more cheapparticularly leasing companies. ly. The cost, however, will be much

This method is preferred to trying to reopen the now dormant market in listed floating rate securi-ties. The exact terms are never fully divulged, making it easier for bor-ple, could have sold lenders an opdivulged, making it easier for bor-rowers to pay whatever it costs to tion to convert the loan to another raise the money. Public issues are currency.

**BONDS:** 

ing concern.

share price.

Midi's Pricing

with selected investors.

#### Euromarts At a Glance

#### (Continued from first finance page) Eurobond Yleids of a merger into or with any other

company if Midi is not the surviv-S, but I brail, 8 yes & over 9.32 y militic Istoers, 8 yes & over 9.41 office I brailers, 5 to 7 yes 8.36 after I brailers, 5 to 7 yes 9.31 mots starting, 5 to 7 yes 9.31 U.S. S. hart lead, Byrs & over As the terms are widely viewed Deprecielion as a giveaway by the company, Prencis starting, 5 to 7 yrs Frencis francs, less than 5 yrs ECU, 8 yrs 4 over Other Expenses dealers are furious about their inability to date to get any paper and Prolit for the Financial Year AUL S. 10 7 YES M.Z. S. less; (but S YES YOU S YES & OVER should be labeled as such. But in fact, they say, many public Eurobonds come to the market with all 5 to 7 yrs 4.85 or much of the paper "preplaced"

Source! Luxemboury Stock Exchange. Weekly Sales Swiss Bank Corp. officials say the perception that bonds will not be generally available is a result of \$ NOWS \$ MARS 442,40 2,219.60 1,319.00 1,191.30 the fact that it has solicited only subscriptions instead of allotting 158.00 paper as orders came in. SBC said 1865.50 51.30 7.548.80 this unusual procedure was needed

to cope with both the size of the Cadel offerings and the volatility of the 4 Notes 6 Notes 4/71200 10:27540 9,645.70 11,227.80 301.50 644.40 1,220.80 804.70 1,774.60 1,727.70 6,753.20 2,229.50 Final allotments were scheduled to go to banks over the last week-end and trading, which has been held up by the uncertainty about 1,4428 157.60 2547.60 250.60 7,874.60 12,387.70 19,511.50 14,522.80 Source: Euroclear, Cedel who would be receiving the bonds,

Liber Rutes 3-month 74 37/16 7 5/16 3 9/16 6 7/16 8 7/16 6 9/1 4 1/16

Close
Bid Ask Yield Yield
98 w.2 98 m.2 7.60 7.56
98 m.2 98 m.2 7.82 7.78
99 w.2 99 w.2 8.94
97 w.2 97 w.2 8.24 8.21
97 102 99 v.2 8.56 8.53
95 202 95 202 8.78
98 10.2 99 v.2 8.78
98 10.2 99 v.2 8.78
98 10.2 99 v.2 8.78
98 10.2 99 v.2 8.78

April 22

7.57 %

6.21 %

5.65 %

95 172 95 1871 102 1872 103 VII 98 172 98 1872

**U.S. Consumer Rates** 

Money Market Funds

Ratis Money Market Accounts

Home Mortgest, FHLB everys

Le Conseil d'Administration

Source : New York Times

Bank Rate Monifer | Midex

LUXFUND

Société Anonyme

Luxembourg, 2, boulevard Royal

R.C. Luxembourg B - 7237

Messieurs les actionnaires sont priès d'assister à

L'ASSEMBLÉE GÉNÉRALE ORDINAIRE

qui se tiendra le 13 mai 1988 à 15.00 heures au siège social.

ORDRE DU JOUR 1. Rapports du Conseil d'Administration et du commis-

31 décembre 1987. Affectation des résultats;

Approbation du bilan et compte de pertes et profits au

Decharge any administrateurs et an commissaire aux

of paper denominated in Austra-lian dollars was exceptionally heavy. Although coupon levels de-Treasury Bonds clined about a quarter-point over the week, yields of over 12 percent are still the near highest available. Only New Zealand dollars, a much more suspect corrency, offer higher 31.12.89 15.11.90 31.12.91 15.02.93 15.1.95 15.11.97 15.2.08 15.8.17

The Australian dollar sector looks like a dog chasing its tail. The more investors are attracted by the high coupons, the more they buy the currency to pay for the bonds and push up the value of the dollar. As the currency appreciates, the more investors are drawn to buy

is to start on Monday. The market

will then have a clear view whether

or not it really was a private place-

Over all, the market last week

was inundated by currency-sensi-

tive, high-coupon bonds. The flow

the bonds. The Australian dollar last week traded at a three-year high against the U.S. dollar at 75.5 cents, a gain of 11 percent since last October.

There was also a beavy flow of Emosterling issoes, congesting that sector as well. Expectations of continued gains against the Deutsche mark and high single-digit coupons remain the driving force.

saire aux comptes;

4. Nomination statuaire:

5. Questions diverses.

comptes:

#### Tandy's Promise to Fulfill CD Dream Baffles Experts

Los Angeles Times Service

LOS ANGELES - It started with the dream of a compact disk that could be crased and re-recorded with music, video or computer data hundreds or even thousands of times.

On Thursday, Tandy Corp. promised that dream would become a reality, saying that within two years it would sell an audio compact disk recorder-player retailing for less than \$500.

The announcement baffled electronics executives, scientists and analysts, who are wondering how Tandy, known primarily for its Radio Shack retail outlets and inexpensive computers, achieved the breakthrough. Some wonder whether Tandy has achieved all that its announcement implies.

"Every single company with anything to do with lasers, compact disk players and disks has been trying to figure out how to do this," said Linda Helgerson, editor of CD Data Report, a newsletter in Falls Church, Virginia.

Tandy is not saying much on the subject. "We're talking about major, major secrecy here," said Ed Juge, a company spokesman. "We're doing all the things companies do to protect their intellectual

Mr. Juge said scientists at Tandy's Magnetic Media Research Center in Santa Clara, California, had been working on the technology since February 1986, after a "young Ph.D.," whom the company has not identified, developed a computer simulation for a type of compact disk that, unlike existing CDs, allowed for data to be erased and re-recorded.

The simulation had to do with a "formulated, man-made material for the CDs," Mr. Juge said.

Tandy is not the first company to announce crasable optical disks. which can offer large amounts of data storage and easy retrieval. Similar announcements have been made by Sony Corp., by Eastman Kodak's Verbatim subsidiary, and by Sharp, Otympus and Nikon. But none of the companies is shipping products in quantity, and none has targeted the consumer audio electronics market as pointedly as Tandy did.

Sony, which is shipping small numbers of its erasable optical disk drives for testing and evaluation, says its computer drives are much harder to make than the audio drive Tandy announced Thursday. The human ear is a lot more forgiving than a computer," noted Olaf Olafson, marketing manager for Sony's Optical Division in San Jose,

Mr. Olafson pooh-poohed the Tandy announcement. "It wasn't a very detailed announcement from a technical standpoint," he said, "and from a business standpoint, their product is two years away."

#### Michelin's Net Profit Rose 39% Last Year

Agence France-Presse

PARIS - Michelin & Compagnie, the world's second-largest tire maker, has reported that its consolidated net profit rose 38.6 percent in 1987 to 2.65 billion francs (\$467 million).

Sales were 46.9 billion francs last year, Michelin said Friday. Of that, 80 percent came from output of plants outside France or from ex-



internal exams. Second quarter begins May 28. Johing enrolments now, Top Faculty.

Compet: Admissions Officer ave. Ed. Dupples or F.O. Box 2290 1002 LAUSANNE, Switzerland

Tel.: 021/27 38 33. Balfour, Maclaine nternational, (U.K.) Ltd. Farops House World Trade Centre London ET 9AA UK Telephone: 01-488-9592 Teles: 889031 Fax: 01-480-7315 Managed Feteres Portfolios with Limited Liability

independent Brains with consistent performance biotopy SAP's anticopy animal police since acception - boly 1964 1967 performance op 1967's 4th quarter 1967 op 23% Enquines to ent Services Cleaning members of all major US & UK exchanges for non-UK residents

#### Summary Financial Statement as of December 31, 1987 **Balance Sheet**

Assets	Jin million		Liebililias
Liquid Assets: - Cesh, Balances on Postal Cheque		Liabiti(tes to Benks at sight (incl. those meturing within one month)	5,633
Account and with Central Banks	1	Liabilities to Benke for egreed periods of more than one month	5,722
Betances with Benks et sight (incl. those maturing within one month)  Palescent with Bards for const.	5,243	Current Accounts and Deposits;  - Current Accounts (incl. deposite maturing within one month)	2,669
Balancee with Benks for egreed pariods of more then one month	6,330	- Deposits (agreed penods of more than one month)	2,556
Bills of Exchange	316	Debentures	43
Other Advances	4,141	Miscellaneous Subordinated Loan	286 29
Secuniles	2,384	Capital and Reserves	670
Mrscellaneous	235	Provisions for Conlingencies and Depreciation	1,200
Fixed Assets	190	Profit and Loss Account: - Profit for the Financial Year	32
	18,B4II		18,840
Prof	it and L	oss Account	
Expenditura	(in millio	n of DM)	Revanue

Releasa of Provisions los Contingencies and Depreciation

39

Account witl be published in the "Mémonal-Recuail Spécial das Sociétés al Associations du Grand-Duché de Luxembourg".

The nemized Balance Sheet and Profil and Loss

Interest and Commissions

Provisions for Contingencies

Ganaral Expanses

For your copy of the Annual Report in English, Germen end French please contact:

Compagnie Luxembourgeoise da la Dresdner Bank AG - Dresdner Bank Intarnational - 26, rue du Marché-aux-Herbes, P.O. Box 355, L-2013 Luxem-

bourg, Telephone 47 601, Telex 2558 DRINT LU jail dapartments); Telephona 461212, Telex 2302 DRIFX LU and 2308 DRIFX LU (Euromoney/Foreign Exchange / Precious Malais / Securities); Cable: Bankcompenie Luxembourg.

228

Interest and Commissions

Other Income

Affiliation: Dresdner Forfaitlerungs Aktiengesellschaft, P.O. Box 630, CH-8034 Zünch, Telephone 69 41 41. Telex B16 427 DEFA CH.

#### Compagnie Luxembourgeoise de la Dresdner Bank AG Dresdner Bank International



Branches: Bahrain, Osaka, Seoul, Singapore, Tokyo Affiliated Bank: UBAF (Hong Kong) Limited Representativa Offices : Beirut, Cairo

Main items of the Consolidated Balance Sheet as at December 31, 1987

#### **ASSETS**

Cash and due from Banks Loans and Advances to Banks and Cust Securities and Investments Fixed Assets

Other Assets

Total Assets

2,209,697,000
41,908,586,000
2,011,549,000
134,730,000
1,920,824,000

French Francs

48.185.386.000

French Francs

413,800,936 7,848,049,813 376,694,569 25,230,337 359,704,869 9,023,480,524

Equivalent US \$

Equivalent US \$

#### LIABILITIES

Demand and Time Deposits Certificates of Deposits and Floating Rate Note Other Lieblities Subordinated Loans Reserves and retained Earnings

Total Liabilitie

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WORLDNIE TERTUTE

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The SEC also issued a major have said they worry that a circuit sons a shutdown would not occess thudy of the crash that joined many breaker may do more harm than sarily stop a crash. First, even if the with its descriptions of the influmarket were closed after falling the ence stock index futures cootracts

Former Senator Nicholas F Brady, co-chairman of Dillon, Read & Co., who was chosen by President Ronald Reagan to head the task

"What I see are turf battles," he said. "What I don't see are mea-

users in the market."

Joseph A. Grundfest, an SEC

Dotton & price Colls

resent about 37 percent of the General Motors is following the American car market. lead of Ford Motor Co. and Chrys-According to an analyst who attended Friday's meeting. GM is ler Corp. Both those companies projecting that it will spend \$3.3 had decided to avoid the dangers at billion on incentives this year, up the bottom of the automotive sales

\$600 million from 1987. By more closely matching production capacity with what officials termed "a volume outlook that is realistic," GM is evidently hoping to save on incentives as well

as run its plants at a efficient level

nies that have built or are building Mr. Stempel also said General Motors was planning to trim its components-making operations and buy from outside sources those percent in 1980 to 34.7 percent last parts it cannot competitively pro-duce. The contract GM signed with mistie forecasts of improved sales the United Automobile Workers last year reportedly included a ban on plant closings and on layoffs for any reason but a drop in sales. However, Mr. Stempel noted that the manufacture of certain components could be ended without closing plants, according to an analyst.

#### use of financial incentives to stimulate sales. But incentives are expen-

the forecasts.

the peaks.

الماذا من ألاصل

**GM Will Cut Plants to Match Lower Market Share** 

(Continued from Page 1) accord on production touched off a rally in spot prices from about \$14 a barrel in early March for North

Sea Brent crude to \$17 a barrel. Even without the meeting, however, other factors were expected to produce higher prices by year's end, many analysts said. Chief among these factors was increasing demand for oil products, especially

By John Holusha

New York Times Service

DETROIT - General Motors

Corp., which has traditionally been

the most optimistic of American

automakers, is lowering its sights to

cope with the competitive squeeze

analysts in New York, company

officials said they planned to cut

production capacity to match the

F. Alan Smith, GM's executive

an interview that the objective was

to be "cost competitive at roughly

current levels" of sales, which rep-

company's fallen market share.

expected in the early 1990s. In a presentation to securioes

in the United States and Japan. The market for gasoline in the United States has driven up demand even as Japan was been increasing imports of oil. Demand for gasoline in the United States is expected to pick up even more this summer as a result of the weak dollar, which will encourage vacationers to stay home rather than travel overseas and will bring trav-elers from abroad, said Phil Verleger of the Institute for Interna-

ional Economics Helping offset the increase in de-mand, however, is a relatively high evel of inventory, especially in

#### 2 Cable Concerns Plan to Buy SCI

NEW YORK — Comcast Corp. and Tele-Communications Inc. will purchase SCI Holdings Inc. for \$1.55 billion, the companies an-

counced Sunday. The three cable television comthe stock of SCI by new entionies to next two or three months, be formed by Comcast and TCI. This would mean cuts of The deal, expected to close this fall, is subject to several conditions inchading regulatory and other ap-

SCI owns and operates cable Its television properties were recently sold for \$1,37 billion. "I am pleased to see that the company is being transferred into the hands of cable operators who have a long-term view of our business," said Kenneth Bagwell president of SCL OPEC producers.

OPEC: Talks With Nonmembers ocean tankers. A recent Shearson Lehman Hutton research report in London noted estimates that 90 million to 100 million barrels of new floating storage had accumulated since the beginning of 1988,

Robert C. Stempel, GM's presi-

dent. also said the company

planned to be operating its plants

at 100 percent of capacity by 1992,

which means it could increase out-

put only slightly through the use of overtime if sales were to improve.

The new strategies amount to a

stunning turnaround for General

Motors, whose officials just a few

vears ago were confidently predict-

ing that it would regain 45 percent

or more of the domestic car market.

By acknowledging that the com-

pany will have to be pared down to

roughly fit its current sales level,

"largely to accommodate unwant-ed OPEC production."
From OPEC's point of view, the best strategy for strengthening prices is to cut production, most

analysts said. Nordine Ait-Laoussine, president of the Nalcosa consulting concern, based in Geneva, said OPEC and non-OPEC countries would have to reduce total production by a million barrels a day through the end of the year to get the price up to OPEC's official price of \$18 a barrel. That would translate into about \$19.50 for West Texas Intermediate, the benchmark U.S. crude.

Mr. Ait-Laoussine, a former senior Algerian energy industry official, strongly urged OPEC to bring in new members.

"I think the only thing that could solve the problem is if all the countries were members of the same organizacion," he said.

For non-OPEC countries, the benefits of cooperation would be significant. These countries seek prices high enough to allow them to recover the investments in exploration, drilling and production they made earlier in the decade. Cris Rowland, an energy analyst

for Barcleys de Zocte Wedd in London, said, "My guess is that panies said they had entered into a we'll get a promise of cooperation." definitive agreement providing for He said it might involve "total the acquisition of 100 percent of cuts of 500,000 barrels a day for the

This would mean cuts of 200,000 to 250,000 barrels a day from non-OPEC sources, pledged on the condidoo that OPEC reduce by a simi-

lar amount, he said. Observers said they expected elevision systems in 12 U.S. states. that Iran, Libya, Venezuela and Algeria would be leading advocates of an OPEC production cut to bolster prices, and that the Saudis, backed by Kuwait and the United Arab Emirates, were likely to resist unless assured of help from the non-

#### TIRES: GM Dropping Firestone

(Continued from first finance page) estimates by the trade publication

cycle rather than try to reach for

GM's shift also effectively con-

cedes a big sector of the market to

imports and the Japanese compa-

GM's share of the U.S. car and

truck market has falleo from 44.1

year. Throughout that period, com-

pany officials routinely issued opti-

and scheduled production to meet

The result has been recurring

gluts of cars on dealers' lots and the

U.S. assembly plants.

Modern Tire Dealer. Goodyear was second with 22.5 percent and Firestone third with 20 percent, according to the publica-tion. General Tire, a unit of Continental AG in West Germany, was fourth with 17.5 percent and Mi-chelin & Compagnie of France was

fifth with 4.5 percent. Firestone, based in Chicago, is the nation's second-targest tire maker after Goodyear Tire & Rubber Co. Tires account for nearly 70 percent of Firestone's \$4.2 billion

in annual sales. Firestone said that it had told Ford of GM's move and that it had been authorized to say in its statement that Ford had no plans to change its relationship with Fire-

stone, its fourth-largest tire suppli-

acquired by Bridgestone for \$80 a share after it became the target of an unsolicited offer by Pirelli SpA of Italy.

Firestone agreed in February to sell 75 percent of its worldwide tire business to Bridgestone for \$1.5 billion, but terminated that venture after Pirelli started its attempt to acquire the entire company.

Last week Pirelli, frustrated in its bid for Firestone, agreed to buy another U.S. tire maker. Armstrong Tire Co., from Armtek Corp. for \$190 million. The sale followed a trend toward consolidation in the tire industry, caused largely by stagnant sales that are a result of greater use of longer-life radial tires.

Firestone is the fourth-largest tire maker in the world, behind Goodyear, Miehelin and Bridges-

#### FARM: U.S., Japan Still Disagree

account the overall relationship between Tokyo and Washington.

Japan's imports of beef, oranges and orange juice were limited by a stringent quota system under the agreement that expired. After talks with Mr. Yeutter ended unsuccessfully, the Reagan administration asked the GATT to set up a special

panel to adjudicate the issue. The GATT panel is to convene May 4 if Tokyo and Washington do

oot reach a compromise. Although the United States has demanded the immediate removal of all import quotas, Mr. Smith offered to allow Japan a limited transidon period provided there was a significant increase in market access during that period.

On Saturday, bowever, he said

(Continued from first finance page) Washington was unsatisfied with the length of the transicion period Japan proposed, the amount of ac-cess offered and the issue of "border measures," or new tariffs and surcharges that Japan would levy on farm products once other restrictions were lifted.

Senior officials of the governing party acknowledged recently that continued protection for Japanese farmers was seen as the key to a compromise with Washington. Some party eooservatives are known to favor a GATT decision, on the chance that proposals for surcharges would gain support within the agency.

Several bundred farmers demoostrated Saturday on the southern island of Kyushu, demolishing a U.S.-made car and burning U.S. flags and imported farm products.

#### MARKET: Experts See 'Circuit Breaker' Trading Halt as a Weak Device

vamping issues.

derly. A presidential task force that should be spent on issues such as use of an electronic order system.

They are doing this rather than studied the market plunge and isbuilding the capital behind the for certain kinds of program tradlooking at things like bringing sued recommendations in January market system and adding to stock ing whenever the market rises or market liquidity. Circuit breakers for certain kinds of program trading to stock ing whenever the market rises or market liquidity. Circuit breakers steps to make the markets themselves safer," Mr. Markey said.

breaker be adopted as part of a are the "last siep that should be market revamping package.

taken, not the first one." he said.

These and other issues are highly charged, with Washington and Wall Street split over them.

force, expressed frustration over the lack of progress.

sures that will really help the end-

Some moves have been made. The Merc adopted a price limit of 15 points on its Standard & Poor's 500-stock index futures contract, "We are certainly not in favor of limit. Oothing would necessarily exert over the stock market. Indusciosing down trading, because that stop it from descending just as try experts are still seeking ways to will just make people more fear-swiftly when trading resumed if bridle the power unleashed by proful," said John L. Steffens, president of the consumer markets divident of the consumer marke

Mr. Melamed also pointed out that a number of technical changes had been instituted piecemeal.

For instance, investors in stock index futures contracts must now put down 15 percent of the value of the contract in cash, instead of 7 percent. And the Merc's private clearing house has set up a system for collecting and distributing margin deposits to investors during the trading session.

Mr. Phelan conceded that a kind of circuit breaker already insotuted commissioner, said more time at the NYSE, which shuts down the

# Exodus of Pilots Causing Fight Cancellations at Eastern By Agis Salpukas New York Times Service NEW YORK—An accelerating to carcel many flights. If the shortage persists, it could many flights. If the shortage persists, it could force the strongling infinite to drawning to the strongling and flights and flower salk for example, 29 pilots took time of in February, leading to the strongling and the third-man resources. Eastern for burnel's sandy six and Toom kan been carding to analysis and Toom Saltine, has been owned by Texas Air Corp. San 1986. The shortage persists it could be past rates, be said. Councilly officer to great whether the directing to make the third-man resources. Eastern while, you conticiled that man resources. Eastern while, you contributed to the directing to make the strong but many resources. Eastern while, you contributed to the council of the strong in March, William A. According to make the strong in March, William A. According to make the strong in March, William A. According to make the strong in March, William A. According to make the strong in March, William A. According to make the strong in March, William A. According to make the strong in March, William A. According to make the strong in March, William A. According to make the strong in March, William A. According to make the strong in March, William A. According to make the strong in March, William A. According to make the strong in March, William A. According to make the strong in March, William A. According to make the strong in March, William A. According to make the strong in March, while the strong in March, William A. According to make the strong in March, William A. According to make the strong in March, while the strong in March, who may be strong the strong in March, who may be strong the

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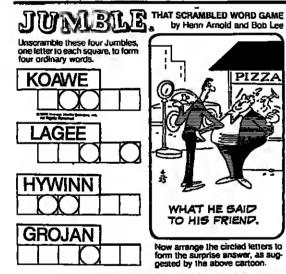
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O New York Times, edited by Eugene Maleska.



"I ASK A LOT OF QUESTIONS BECAUSE INQUIRING MINDS WANT TO KNOW."



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#### **SPORTS**

#### **SIDELINES**

#### Unbeaten Private Terms Wins at Aqueduct Bruins Win in NHL

NEW YORK (Combined Dispatches) — Private Terms ran his record to seven for seven by winning the Wood Memorial Stakes by 1½ lengths Saturday at Aqueduct, covering the 1½ miles (1.79 kilometers) under Chris Antley in 1:47 1/5, a stakes record. Seeking the Gold, the 2-1 favorite, was second by a nose over Cherokee Colony. All three are expected to enter the Kentucky Derby on May 7. In Hot Springs, Arkansas, Proper Reality shot through along the rail in mid stretch and guiled away to win the Arkansas Derby. Proper Reality had needed to faith of the derby if more than 20 hourse are extended. finish first or second to qualify for the derby if more than 20 horses are entered.

All Thee Power won the California Derby in Albany, California, by eight lengths, then broke down just past the finish line. A preliminary examination was inconclusive, said trainer Jack Van Berg, Slewbop, a son of 1977 Triple Crown champion Seattle Slew, was second with Ongoing Mister third. (NYT, AP, UPI)

#### Beck Holds 3-Stroke Lead in USF&G Golf

NEW ORLEANS (AP) — Chip Beck shot a bogey-free, seven-under-par 65
Saturday for a three-stroke lead over Lanny Wadkins after three rounds of the
USF&G Classic golf tournament. Beck came from one shot off the pace, pulling
away with birdies on three of the last four holes. Wadkins shot 69, falling to second
at 201 after leading for two rounds. He had taken a one-stroke lead Friday with 65.

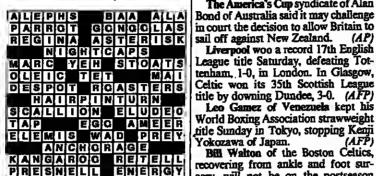
In Saturday night's other game,
the St. I gair Rhave lead the Detroit

#### NCAA Broadens Investigation of Kentucky

LEXINGTON, Kentucky (AP) — The NCAA now is investigating whether the mother of University of Kentucky basketball recruit Shawn Kemp of Elkhart, Indiana, had her transportation or expenses paid by the school during a campus record with eight points as the New

The probe, reported Saturday by The Louisville Courier-Journal, involves a visit by Barbara Brown last fall. The NCAA has been investigating allegations that Dwane Casey, an assistant coach, sent the father of another recruit, Chris Mills, \$1,000.

#### Solution to Friday's Puzzle



For the Record

The America's Cup syndicate of Alan Bond of Australia said it may challenge in court the decision to allow Britain to sail off against New Zealand. (AP) Liverpool woo a record 17th English League title Saturday, defeating Tot-tenham, 1-0, in London. In Glasgow, Celtic won its 35th Scottish League title by downing Dundee, 3-0. (AFP)
Leo Gamez of Venezuela kept his World Boxing Association strawweight

okozawa of Japan. (AFP)
Bill Walton of the Boston Celtics. Yokozawa of Japan. recovering from ankle and foot surgery, will not be on the postseason roster, team officials said. (UPI)

#### Oilers, Blues, Devils,

Compiled by Our Staff From Dispatches EDMONTON, Alberta - The Edmonton Oilers sent Calgary's rect as any hit in the Persian Gulf."
Mike Bullard off the ice on a Glenn Anderson made it 3-1 on a stretcher Saturday night, and at the same time dealt a brutal blow to the Flames' hopes in the Smythe Division final of the National Hockey

Rick Nattress, Vernon stopped Messier's shot but trailer Anderson League's Stanley Cup playoffs.
With Mark Messier assisting on (NYT, AP, UPI) three goals and the defense holding

#### STANLEY CUP PLAYOFFS

the St. Louis Blues beat the Detroit Red Wings, 6-3, to close to 2-1 in the Norris Division.

record with eight points as the New Jersey Devils buried the Washing-ton Capitals, 10-4, for a 2-1 lead in the Patrick Division final, and the Boston Bruins beat the Montreal Canadiens, 3-1, to go ahead by 2-1 in the Adams Division.

a controversial goal. With a lines-man, unauthorized to stop play, waiting to advise referee Andy Van Hellemond of a spearing penalty against Edmonton's Marty McSorley, Huddy put a drop pass from Jari Kurri past goaltender Mike Vernon. After a long discussion, the goal was counted and Bullard, the victim of McSorley's spearing, was taken off the ice on a stretcher. On the ensuing five-minute power play, the Flames failed to create

Crisp, the Flames' coach. The stick "hit him below the navel. It was di-Glenn Anderson made it 3-1 on a power play at 17:10. After Messier broke around fallen defenseman

popped in the rebound. In St. Louis, Tony McKegney, until then shut out in the playoffs. and Gino Cavallini each scored twice against Detroit.

The Blues got three goals in the second period for a 4-2 lead and control of the game, McKegney scoring on a two-on-one break with Dong Gilmour to give his team a 2-2 tie 1:02 into the period. Tony Hrkac made it 3-2 with 7:41 left on a power-play goal when his pass from behind the net hit the skate of Detroit defenseman Jim Pavese and slid past goalie Greg Stefan. It was the Blues' first power-play

goal in the series, after eight unsuc-cessful attempts the first two games. Friday night, in East Rutherford, New Jersey, Sundstrom broke the record of seven points set and tied Charlie Huddy gave the Ollers a
2-1 lead at 8:54 of the first period on ish-born forward, who had only 15 twice by the Oilers' Wayne Gretzky. goals and 36 assists this season.

> couldn't get goals," said his coach, Jim Schoenfeld. "Tonight he found every hole imaginable. Everything he touched wound up in the net." Four of Sundstrom's five assists were on goals by Mark Johnson, who for the Capitals since, was involved

"Pat worked hard all year and

lead after one period. Sundstrom, the playoff record for power-play. even one good scoring chance. lead after one period. Sundstrom, the playoff reco "The whistle should have been acquired from Vancouver last sum- goals in a game." blown" immediately, said Terry mer, then took over, scoring the



Patrik Sundstrom of Sweden, left, set an NHL playoff mark of eight points in the Devils' 10-4 rout of the Car

first and last of the Devils' five short-handed goal and an assist for goals in the second period, before setting up two more by Johnson early in the third period and completing his own hat trick with less than six minutes left.

The two teams also combined for playoff-record 62 penalties, 32 by New Jersey, totaling 231 minutes. The Capitals played a second straight game without injured defenseman Rod Langway, whose leg was cut by Pat Verbeek's skate in the series' first game. Verbeek, a target became the first American to score in several scuffles Friday night, four times in a Stanley Cup game. which resulted in the Devils scoring Johnson scored twice on the on three power plays. Johnson got power play to give the Devils a 2-1 all three, which gave him a share of

the Bruins, who are trying to end an 18-series losing streak against the Canadiens, dating back to the 1940s. Sweeney, who set up Moe Le-may's goal 4:09 into the game, made the decisive shot with 47 set

onds left in the second period. That was the turning point, said Montreal's coach Jean Penton There was confusion and [our] guys didn't want to shoot the

free agent signed last summer after spending all his career with the Flames, had several spectacular saves among his 22 stops. The only shot that got by him was Chris Chelios' rebound with 3:42 left. But by that time, the Bruins led, 3-0.

(AP, UP))

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#### **PEANUTS**



















#### WORLD STOCKS IN REVIEW / Via Agence France-Presse

In Boston, Bob Sweeney got a

#### Amsterdam

Amsterdam stock prices came under slight pressure last week, partly as a result of disap-pointing U.S. trade figures. Turnover was 5.50 billion guilders, compared with 7.48 billion the previous week.

The ANP-CBS general share index fell 3.1 on the week to stand at 245.6 on Friday, For the medium run, analysts said they thought the index would fluctuate in the 225-10-275 range.

percent, CIR 4.7 and Buitoni 2.8 percent.

#### Frankfurt

Trading on the Frankfurt Stock Exchange was listless, and the Commerzbank index closed Friday at 1,377.4, off 8.9 points for the

The U.S. trade deficit continued to depress the market, and two other factors limited in-vestor interest: what the market considered inadequate purchase terms offered by Daimler-Benz AG to holders of AEG shares (AEG lost 21.10 Deutsche marks for the week), and Porsche's announcement that it would cut its work force by an eighth.

Volume on the eight West German ex-changes totaled 10.06 billion DM, as against 14.19 billion the previous week.

The sharpest rise among popular shares was 8 for the week, and Preussag climbed 5 after its announcement of an agreement with Penar-

roya, the French mining company.

In autos, Daimler climbed 5.50, but BMW lost 5 and Volkswagen fell 1.10. Banks were also weak, with Commerzbank losing 0.50, Deutsche Bank 2.60 and Dresdner Bank 3.70.

#### Hong Kong

The Hang Seng Index dropped 7.60 points in a week of see-saw but moderate trading on the Hong Kong Stock Exchange, with strong sup-port emerging at the 2.550-point level. The market barometer finished the week at 2.591.35 points.

The Hang Seng fell 46.99 points in late selling Monday, but bargain honters came to market Tuesday and pushed it back up 41.97 points. After further losses on Wednesday and Thursday in thin trading, there was a gain of 38.64 points on Friday.

Dealers said the market seemed to lack di-

rection, with investors keeping an eye on what was happening on Wall Street and in Tokyo. Average daily turnover dropped to 884.6 million Hong Kong dollars from 1.506 billion Hong Kong dollars the previous week.

#### London

The London Stock Exchange had another irregular week, finishing on a weak note.
The Financial Times-Stock Exchange index of 100 stocks touched the 1,800-point barrier, but soon retreated. It finished the week at 1771.60, off 7 points for the week. Volume was generally low, as institutions remained on the sidelines. But increased bid

activity helped the market to consolidate its gains, notably the launching of a £114 million bid by Peek, the British electronics concern, for another company in the sector. Dubiler PLC.

The market moved ahead nervously without any great direction, ahead of publication on Thursday of the British bank lending figures Thursday of the British bank lending figures for March. Announcement later of a sharp rise in tending brought a fall in the indexes, with investors wary of booming domestic consumption and abandoning hope of a cut in interest rates, feeling this will stoke inflation.

Several British companies announced encouraging annual trading results, notably the construction companies Taylor Woodrow and Costain Group PLC. Among banks, Bank of Scotland moved ahead despite creation of an exceptional provision to cover loans to the Third World.

Thorn EMI PLC announced that it was seeking to acquire Holofane, the French company that supplies blown glass to the car industry.

#### Milan

Milan trading was dull last week, in the absence of institutional investors and investment funds, analysts said. The Comit index dropped to 505.97 at the week's close, from 517.0 the previous Friday.

Downward pressure came from difficulties.

experienced by some major groups, like Assi-curazioni Generali SpA, the insurance group that is trying to win control of Compagnie du Midi, and Pirelli SpA, trading in which was suspended for two days after announcement of

its restructuring plan. Generali was off by 2 percent, and Pirelli dropped 6 percent.

Fiat SpA was unchanged on the week, and Montedison SpA dipped by 0.8 percent. Other issues in the Ferruzzi Group lost more grounds 4.8 percent for Iniziativa Meta, 8 percent for Agricola and 9.3 percent for Silos. Among De Benedetti issues, Olivetti lost 5:1

#### Paris

Paris stock prices gained last week despite uncertainties relating to the presidential election. The CAC index finished Friday at 308.0. up from 296.8 the previous Friday.

Analysts said the good performance was urprising, since pre-election periods are generally not favorable to stock prices. But they noted that business was in good shape and had announced some very good results for 1987. SAFE, an association of financial analysis,

said that it expected an average rise of 20 percent in company profits this year and that this could spill over into stock prices. Another explanation for the good showing was that foreign investors apparently believe

Paris has lagged some other bourses in recovering from the sharp market downturn last year. Analysis said that the apparently narrowing margin in the presidential election meant and whoever wins would have to "govern from the center and that foreign investors liked the

#### Singapore

Share prices recovered slightly on the Singapore stock market in fairly active trading.

The Straits Times Industrial Index advanced more than 11 points Friday. The indicator finished the week at 955.77 points, up 22.33 from the week before.

The week began on a cautious note. But volume climbed considerably on the last two days on bargain-hunting and speculative buying. Singapore-based counters gained modestly and Malaysian issues continued to dominate trading largely due to buying by foreign fund managers. Plantation stocks were sought as a result of improvements in commodity price. A total of 96.1 million units valued at \$10.2 million changed hands during the week. The most active stock was DBS Land, with 5.9 million shares traded.

#### Tokyo

million shares traded.

The Nikkei stock average, the key indicater of the Tokyo Stock Exchange, topped the 27,000-yen mark Saturday for the first time since April 14, hitting a record 27,111:35.

The average of 225 blue chips closed the week at 27,058.37 for a 164.80 weekly advance. It gained 221.25 in the half-day session.

The market got off to a bad start Monday, with the Nikkei losing 222.12 yen. Many investors took to the sidelines after the April 14 record high. The bearish mood carried over to record high. The bearish mood carried over to

Tuesday, with many issues going down under the pressure of profit-taking. Some institutional investors returned to the market Wednesday to buy on weakness, particularly high-tech issues like Toshiba Corp. and

ularly high-tech issues like Toshiba Corp. and oil stocks after rises in spot oil prices.

The Nikkei posted a 207.09 gain on Tuesday and Wednesday combined. But bullish selection and the Nikkei lost 35.9 on Thursday. It rebounded slightly Friday with a moderate 8.96 advants.

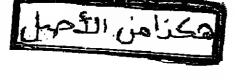
The market perked up Saturday with many investors, including foreigners, buying giant capital stocks like Nippon Steel. Kawasaki Steel and electronics companies.

Turnover was moderate, with 663.8 million shares changing hands a day, down from 992 million shares the previous week. The value of stocks traded fell to 657 billion yen a day, down from 1.062 trillion yen.

Market analysis predicted quiet trading the next two weeks, during which the market will be closed for four days for holidays.

#### Zurich

Zurich stock prices dropped every day in the four-day trading week, and the Credit Surice index finished at 446.8, down from 455.6. Analysts said the steady drop and low volume were a result of uncertainty caused primarily by announcement of a lower dividend for Pirelli shares, considered as virtually equivalent to bonds, and by restrictions announced by Sandoz Ltd. and Cha-Geigy AG on acquisition of registered shares. The decline hit almost all sectors.



#### SPORTS

### tions in Territor As NFL Draft Starts, to be to leave their house in a week tractions in the large in a week tractions in the large in a week tractions in the large in a week tractions in the large in a week tractions in the large in a week tractions in the large i inge in a week imposed last the converted press in the converted pre

in the U.S. secretary of state in the Mational Football League's college draft; the Kansas City Chiefs took defensive in make two selections. Using a pick acquired last week from Houstins in the Georgian Neil Smith of Nebraska.

Bruce already had been signed by the Falcons to a five year, \$4.1 million of the Georgian in the Mational in the Georgian in the Mational in the Georgian in the Mational in the Georgian in the Mational in the Georgian in the Mational in the Georgian in the Mational in the Georgian in the Mational in the Georgian in the Mational in the Georgian in the Mational in the Georgian in the Mational

Bennie mane at the property of the part of

More than 500 people on play anywhere on the line.

The Cincinnati Bengals went back to defense and took another free safety, Oklahoma's Rickey Saturda, on the learning Dixon, who is considered equally proficient at cornerback. He had eight interceptions in 1987 and set a single-season school mark with a single-season school mark with the period of the Detaines Para. 214 yards on interception returns. The Los Angeles Raiders, picking at at some stage once enemals with took wide receiver-terms specialist. Tim Brown, Notre Dame's chief and school single-season all-purpose mark of 1,937 yards in 1986 and finished as the all-time Irish leader

finished as the all-time Irish leader with 2,493 reception yards and 1,613 aice fac icited mayors = les It was the earliest a Notre Dame routine pro seed examinate the when defensive tackle. Steve Nicwhat haus was taken second by Seattle. The Green Bay Packers used altook 14 of their 15 minutes before
laking wide receiver Sterling Sharpe

of South Carolina, who at 5-11, 197, with 4.44 speed, was one of the most Comen's versatile in the country. . The New York Jets, with the



A dash proved faster than a crawl as the Phillies' Mike Schmidt got the tag before the Expos' Herm Winningham could get back to second.

#### U.K. Sets Long Inquiry, **IAAF Backs Off Threat**

The Associated Press

LONDON - The British Amateur Athletic Board aunounced Sunday a three-man committee of inquiry into runner Zola Budd's eligibility, and the world governing body of track and field, the International Amateur Athletic Federation, said that it had not threatened to bar all British athletes from international competition, including this fall's Olympics, if the board did not ban Budd.

After a two-hour meeting Sunday, board spokesman Tony Ward said that the BAAB had set up a three-man committee to report back May 21, five days after an IAAF imposed deadline, after hearing evidence from Budd. Meantime, he said, Budd has been asked not to take part in international competition.

Ward also said that "It appears that the IAAF has lifted the threat of suspension of the board."

In Lansanne, Switzerland, where he was attending a meeting of the International Olympic Committee, the IAAF's president, Primo Nebiolo, said, "We have never mentioned the idea of the suspension of the British board." He said the IAAF "will wait for the report of the committee and we will reflect. We have taken into considcration the eligibility of Zola Budd, not the eligibility of

#### Knicks, Bullets Get Last Playoff Spots

LANDOVER, Maryland - The New York Knicks and the Washington Bullets, on the penultimate night of the National Basketball Association's regular season, gained the last two spots in the playoff's Saturday night.

The Bullets, who were ensured a playoff berth when Philadelphia lost to Cleveland, got off to a fast start on the shooting of John Williams and outlasted the Atlanta Hawks, 106-96. Patrick Ewing led the Knicks to a thrilling 88-86 victory in Indianapolis that eliminated the Indiana Pacers.

In one of the craziest finishes of the season, neither the Pacers nor the Knicks scored in the last 2:04. Both teams were guilty of several mistakes after the Pacers' Steve Stipanovich sank two free throws to cut the Knicks' lead to 88-86. With one second remaining, Stipanovich drove for the basket and tossed up a short shot, but it bounced off the rim and the Knicks were in the playoffs.

Ewing, mobbed by teammates in a pileup under the basket after Stipanovich missed, had 19 points and 10 rebounds, with his play in the stretch drive proving the difference. In the hectic fourth quarter, the Knicks, trailing by 72-70, scored 11 points in a row before the Pacers turned around and scored nine straight to tie at 81.

Both Washington and New York finished with 38-44 records. Indiana, which seemed to have a playoff berth assured a month ago, also finished 38-44 but lost out

because of a tie-breaking procedure. The Bullets got seventh place because they had a 7-5 record in games with the other two. The Knicks were 6-5 and finished eighth. The Pacers (4-7) were ninth and out.

The Knicks' celebration may be short-lived: They face the Boston Celtics in the best-of-live opening series. The Bullets will play the Detroit Pistons. Williams scored 15 points in the first quarter as the

Bullets built a 28-16 lead, then steady Moses Malone took over. The veteran of the playoffs got 24 points and seven rebounds to keep the Hawks at bay. The Hawks, who needed to win to be assured of the third-

best record in the East, lost mainly because Dominique Wilkins made only six of 20 shots.

In Richfield, Ohio, the Philadelphia 76ers were eliminated from the playoffs for the first time in 13 years when they were beaten, 104-99, by the Cleveland Cavaliers. Mark Price, who wasn't expected to play because of an ankle injury, scored 20 points in the second half.

In Salt Lake City, John Stockton set an NBA single season record for assists and Karl Malone scored 31 points as the Utah Jazz beat the Houston Rockets, 125-107. Stockton had 18 assists to finish with 1,128, breaking the mark of 1,099 set by Kevin Porter of Detroit in the 1978-79 season. Stockton also scored a career-high 27 points. (LAT, AP)

#### As Royals Sweep **Kansas City Series**

**Orioles Lose 18th** 

KANSAS CITY, Missouri --

The Baltimore Orioles sank to 0-18 Bret Saberhagen pitched a six-hit-ter and the Kansas City Royals eight opportunities. won 3-1.

The victory was the sixth for the

The Orioles' slide is the longest A's in seven games in the majors since the Washington can League history.

The modern major league mark tive victory. is 23, set by the Philadelphia Phil-Clemens. lies in 1961, and the AL record is batters after yielding a check-swing tive losses — not including five 13th career shutout. Straight losses to end exhibition play.

13th career shutout. Yankees 5, Blue Jays 3: In New York, Rickey Henderson scored

run in the fifth inning.

Danny Tartabull hit a two-run

The Orioles entered the day as the Whitt, the catcher. poorest-hitting team in the major
The Yankee reliever Charles
leagues, batting 199 overall and
Hudson, 2-0, pitched 2% scoreless .118 with runners in scoring posi-

Saberhagen, 2-2, finished for the first time in five starts, striking out

had lost five straight, which was the second-longest losing streak in the majors, before the Baltimore series

Athletics 5, White Sox 3: In Chicago, Jose Canseco hit a three-run homer into the upper deck in left field in the third inning as Oakland

defeated the White Sox. Oakland's Bob Welch, 2-2, gave up three runs and five hits in 7%

#### SUNDAY BASEBALL

on Sunday afternoon and stumbled innings, including two homers by closer to the worst losing streak in Don Pasqua. Dennis Eckersley remajor baseball league history as lieved Rick Honeycutt in the ninth

Red Sox 4, Brewers 0: in Mil-

Senators dropped 13 straight in wankee, Roger Clemens pitched a 1959 and the streak tied the Sena-three-hitter and shut out Milwautors for the fifth-longest in Ameri- kee for the second time this month as Boston posted its fifth consecu-Clemens, 4-0, retired 17 straight

20. The Orioles extended their resingle to Glenn Braggs in the seccord for season-opening defeats ond inning Clemens struck out five and their team mark for consecu- and walked none en route to his

Mark Thurmond, 0-4 and with. the tie-breaking run on a wild pitch out a victory since Aug. 26, 1986, by the Toronto reliever Mark Eichkept the Orioles in a scoreless game horn in the eighth as New York until Kurt Stillwell hit a solo home stopped Toronto's five-game win-

ning streak.
With the score 3-3, Henderson homer in the sixth and Thurmond opened the eighth with a single and left later in the inning. Baltimore Willie Randolph followed with a starters began the game 0-15 with a walk before Don Mattingly flied out Then, on Eichhorn's 1-2 pitch 7.12 earned run average.

Out. Then, on Eichhorn's I-2 pitch
The Orioles, outscored 114-34 to Jack Clark, Henderson and Ranthis season, did not move a runner dolph attempted a double steal and past second base until Cal Ripken Henderson scored when the pitch homered with one out in the ninth. bounced to the right side of Ernie

The Yankee reliever Charles innings for the victory, allowing

Braves 4, Reds 1: In the National League, in Atlanta, Dale Murphy singled in one run and scored the The Royals completed their sec- tiebreaker after a double as the ond three-game sweep against the Braves snapped a three-game los-Orioles this season. Kansas City ing streak with a victory over Cin-

The Braves, shut out in their last three outings, snapped a 28-inning scoreless streak off Dennis Rasmussen, 1-2, in the first inning.

The victory went to Pete Smith,

1-1, a rookie who allowed five hits, struck out two batters and walked two, Smith left after yielding a double to Paul O'Neill to lead off the seventh. Bruce Sutter then went two hitless innings, and Paul As-senmacher earned his second save by getting the final three outs.

Expos 3, Phillies 1: In Philadelphia, Mike Fitzgerald's RBI single in the eighth inning broke a 1-1 tie, and Dennis Martinez allowed five hits over 71/2 innings to pace the Montreal victory.

After Tim Wallach opened the eighth with a double, Kent Tekulve relieved the Philadelphia starter. Don Carman, 2-2.

Martinez, 3-2, allowed one earned run, struck out three batters and walked no one before being on second and one out in the eighth. Burke struck out Phil Brad-

ley and got Juan Samuel on a pop fly to end the inning, and finished the game to pick up his third save. Pirates 4, Cubs 2: In Pittsburgh, Darnell Coles hit a tie-breaking single and Rafael Belliard followed

with a run-scoring triple in the fourth as the streaking Pirates beat Chicago to sweep their three-game Bob Walk, 3-1, held the Cubs to two runs on six hits over 6% innings

as the Pirates won for the 11th time

#### Pirates Rally 2d Straight Game, Beat Cubs by 5-4

Smoker Go Wille Compiled by Our Staff From Dispatches PITTSBURGH—Mike LaVal—the series, a player's bat was confisliere's two-run single in the eighth—cated. The Mets asked the umpires
unning Saturday bear the Chicage to take Vince Coleman's bat when
liamson, a pitcher who
first start of the season.

But the effort failed in
But the effort failed in Steel and Sid Bream sacrificed.

RJ. Reynolds was intentionally walked and Sid Bream sacrificed.

RJ. Reynolds was intentionally walked to load the bases, bringing mp LaVallierc. The Printes' catter was and walked two in 6% in ming. Lavallierc and walked two in 6% in ming. Lavallier

Dodgers 10, Giants 3: In San
Francisco, Alfredo Griffin hit a
bases-loaded triple during Los An
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bases-loaded 1111 THA HORAL Flor and Mike Marshall broke the game

Mets 12, Caremass 7: In St.

Lynn, a Baitmore Ounicidex.

The Orioles' manager, Frank
bome Kevin McReynolds in the

Robinson, who was ejected in the

eighth to break a tie and help New

scoold inning for arguing a balk

Athletics 3, White Sox 2 In Chips out in the seventh.

Tom Henke, the fifth Toronto

at-bats, extended him to a career-high nine games, with

For the second straight game in

the British board.

and Mike Marshall broke the game but falling in the ninth inning on a copen with a grand slam in the uinth.

The game was the Dodgers first after four straight rainouts.

Mets 12, Cardinals 9: In St.

Mets 12, Cardinals 9: In St.

Mets 12, Cardinals 9: In St.

We did everything to win the game but win the game but win the game. Said Fred Lynn, a Baltimore outlieder.

eighth to break a tie and help New York win its fifth straight over the Cardinals this season.

Koomson, who was ejected in the second inning for arguing a balk call, shuffled his lineap and inserted four new starters and Mark Wil-

#### SATURDAY BASEBALL

American League record is 20.

"I've always said that as long as they played hard, I have no problem with that," Robinson said.

I have no problem with that, Robinson said.

John Cerutti, 1-0, making his

game, showing renewed signs of life "But a loss is a loss." ager, said he sympathized with the three in 6% innings. He had a three-three-run homer in the first and this shutout until Dave Winfield hit Henry Cotto and Dave Valle hit

something like this."

Tom Henke, the fifth Toronto at-bats, extended his hitting streak to a career-high nine games, with four homers and nine RBI in that second base on an error by right
Tom Henke, the fifth Toronto at-bats, extended his hitting streak to a career-high nine games, with four homers and nine RBI in that second his fifth save.

Second base on an error by right
Tom Henke, the fifth Toronto at-bats, extended his hitting streak to a career-high nine games, with four homers and nine RBI in that second his fifth save.

Second base on an error by right
Indians 10, Item it got worse.

Tom Henke, the fifth Toronto at-bats, extended his hitting streak to a career-high nine games, with four homers and nine RBI in that second his fifth save.

Second base on an error by right
Indians 10, Item it got worse.

In Minne
Second his hitting streak to a career-high nine games, with four homers and nine RBI in that against the Cubs. Pittsburgh, which is leading the National League

East, is 8-1 at home this season.

inning to give Oakland its victory six RBI helped Cleveland deal

first start after four relief appear-John Wathan, the Royals' man- ances, walked one and struck out heim, California, Ken Phelps hit a

pitches and one balk during the iming Mariners 11, Angels 4: In Ana-

me but win the game," said Fred

"I feel kind of bad for them," he his sixth home run of the season said. "It's unfortunate. They've got over the center-field fence with one two good a ballchub to go through out in the seventh.

The Orioles' manager, Frank too good a ballchub to go through out in the seventh.

Town Henke the fifth Townton albeits extended his hitting streak. Phelps, with 15 hits in his last 30



#### SCOREBOARD

#### Football

#### NFL Draft

L Attende Pelcaes selected Aundrov Bruca.

5, 20-pound (195 meters, 107 kilograms)
Auburn Binebocker; 2, Konsos City Chiebs,
Neil Smith, 5-4, 26-pound Nebrusko defensive
Binemon; 2, Defrait Libers; Benny Blades, 6-6,
213-pound Allomi, Florido sofety; 4, Tampe Bay Bucomeers; Poul Gruber, 6-4, 293-pound
Wisconsin tockle; 5, Chromosti Benyalis;
Ricky Dixon, 5-11, 184-pound Oklohomo cor-

#### Transition

BASEBALL
Assertous Leasure
BALTIMORE—Put Rick Schu, third baseupon, on 15-day disabled list, Re-ocquired contract of Tito Londrum, outfielder, from Rochester, international League, Moved Dan Acase,
plicher, from 15-day to 21-day disabled list.

plicher, from 15-day of 27-day gracular list.

Nestronis Langue
PHILADELPHIA—Put Miles Academ.

Stater, on 15-day disobled (Ist. Recoiled Listernational Langue)

International Langue:

ST. LOUIS—Recoiled Luis Alicao, second besement from Louisville, American Associotion. Optioned Rod Booker, Infleider, to Louis
VARA.

SCOTTALL.

FOOTBALL Mattend Football Leasue
CLEVELAND—Resched qualitying offer
to Ray Ellis, sotaty, makins him a free agent.
IN OIANAPOL(S—Signed Joe Kiecka, defensive Reamon, to hwo-year contract.
SEATTLE—Agreed to terms with Kelly
Storfer, quarterbock, Sent fifth-round pick in
1886 deate and feet, and fifth-round picks in

1988 droft and first- and lifth-round picks in 1989 druit to Phoenix as compensation for

the HOLYOKE—Lest Peolimon, officers are refor and seccer cooch-resigned to become other and the director of Dickinson Coffege.

I KANSAS—Kevin, Verduga, quarterback, will not return to school.

LOUISIAMASTATE—Normed Rick Meador mich. Cologne 41; Shiftport 34; Normaberg 34;

South Carolina wide receiver; & N.Y. Jets:
Dave Coxigan, 6-4, 276-bound Southern Cal
tackle; 9. L.A. Rafders: Terry McDaniel, 5-18,
175-bound Tennessie defensive back; 18, N.Y.
Gents: Bric Maore, 6-3, 280-bound Indiana

175-bound Temessae defensive back; 18. N.Y.
Glents: Bric Moore, 6-5, 280-pound Indiana
tockle.

11, Doilus Cowbovs: Michael Irvin, 6-2, 292pound Miami, Florida; 12, Poesek Cerefisals: Ken Harver, 6-2, 224-pound outside Callfortile ilinebacker; 13, Palladelphile Begles:
Keith Jackson, 6-2, 242-pound Oktohoma light
end; 14, L.A. Roms; Gaston Green, 5-10, 194pound UCLA rumtine back; 15, Sam Diese
Charyers; Anthony Miller, 5-11, 176-pound
Tennessee wide receiver.

16, Milomi Delphilas: Eric Kumarow, 6-7, 266pound Ohio State defensive end; 17, New Eneland Patriots: John Stephens, 5-11, 116-pound
Morthwest Louisland running back; 12, Pitts
bergh Stephens; Aaron Jones, 6-4, 20pound Arizona Stote guard; 28, L.A. Rums;
Aaron Cas, 5-9, 175-pound Arizona State wide
receiver.

21, Hossian Oliers: Larerzo White, 5-18, 219pound Michigan State running back; 22,
Cleveland Browns; Ciliford Chariton, 6-2, 232pound Florida linebacker; 25, San Francisco
detensive end; 24, The Desirer Brasacs; Ted
Gregory, 6-1, 286-pound af (fillings
detensive end; 24, The Desirer Brasacs; Ted
Gregory, 6-1, 286-pound State wide receiver.

25, The Chicago Rears: Wendell Davis, 5-11,
190-pound Louisiana State wide receiver.

#### Hockey FRIDAY'S RESULTS

#### European Soccer

ENGLISH FIRST DIVISION Lharpeol 1, Tottenham Hessur 8
Oxford United 1, Everion 1
Portsmouth 2, Norwich City 2

WASHINGTON—Staned Derrick Shepard wide receiver; Bobby Curtis, Bab Onlike and Carton Rose, Issebacters; Jack Stanley, auxinostation Rose, Issebacters; Jack Stanley, auxinosed St. Steve Thompson, defensive tocke; Mark Gehring, light and; Gary Thompson, decision 2; Covening Forest 4; Ansand 6; Wimble-don 2; Sheffield Wednesday 51; Covening Mark Gehring, light and; Gary Thompson, decision 2 polats; x-Liverpool 84; Manufaction 2, Chelsen 2 polats; x-Liverpool 84; Manufaction 2, Chelsen 2 polats; x-Liverpool 84; Manufaction 2, Chelsen 2 polats; x-Liverpool 84; Manufaction 2, Chelsen 2 polats; x-Liverpool 84; Manufaction 1, Wimble 1, terbock: Steve Thompson, defensive tockle;
Mark Gehring, flatt and; Gary Thompson, detersive back, and Ronald Scott, running back.
COLLEGE
ALABAMA—Made John Kreis tensis coach.
AUSTIN PEAY—Ban Brooks, ortheric diTeor, will resign June 30.
COLORADO COLLEGE—Named Brod
Besteve backers coach.

Bettew hockey coach.

HOPSTRA—Nomed Jeff Enck featball defensive coordinator: Jim Bernhardt Itabackers coach and Fronk Limanul running
backers coach,
HOLYOKE—Las Peoliman, athletic direction at sector coach resigned to become other at least of the coach coach of the coach of

Borussia Mänchenstadbach, Bayer Leverla-sen, Hamburg 29: Eintracht Frankfurt 27; Hanover 26: Borussia Dorthand, Bayer Ver-dinson, Weightei Manthelm 25; Korstne 24; Bachum 21; Kaisersiautern, Hamburg 21; STALLAN FIRST DIVISION

Avetito 1, Plac & Cesano (, Empoli 1 Florentina 1, Ascol( 0 AC Milon 2, Inter Milon 0 Pescara 0, AS Roma 8 Somodorio 2 Juventus 2 Vereno 1, Nosell 1
Points: Nosell 42: AC Milan 41: AS Roma. Sompdorio 34) Terimo 29; Inter Milan Juvet-tus 28; Verono 25; Ceseno, Fiorentino 24; Pe-scoro 20; Assoll, Avettino 26; Como, Piso 19;

SPANISH FIRST OIVISION Español 1, Athletic Bilboo 1 Real Madrid & Betts 0
Real Sociedad & Marcia 1
Gilon & Celta 1 Zoropaza (, Lourones 9 Valladolid 1, Barcelona 1

#### Basketball

#### Baseball

#### The Fervor of the Architect: **Reviving the Classic Orders**

LONDON — Quinlan Terry is an architect who believes that when the New Jerusalem is built it will not soar in concrete and glass but will hug the ground in hrick, with a pitched slate roof, sash windows, and an ornamental facade in the classic style. Terry's views count these days because he is considered the spokesman of a Classical revival which

#### MARY BLUME

has gathered steam since 1984, when the Prince of Wales denounced a proposed addition to the National Gallery as "a monstrous carbuncle."

"Why can't we have those curves and arches that express feeling in design? Why has everything got to be vertical, straight, unbending only at right angles—and functional?" asked the prince. These are Quinlan Terry's views exactly. He thinks the prince would have made a brilliant architect.

The magazine Architectural Design traces the emergence of the new Classi-cism as an alternative to Modernism to the architectural exhibition at the 1980 Venice Biennale. In Terry's own career, this is also roughly the period when he began to get important commissions after a long period in the desert with his late partner, the Classicist Raymond Erith.

"Erith and I absolutely agreed," Terry says. "He was plowing a very lonely furrow all his life. He was really much better than I am and much less successful because the Modernists had complete con-

Modernist architecture, for Terry, seems to include all innovations from the Vietorians on, Contemporary building in particular is aesthetically harren, its methods costly, its materials unproved. It is the product and symbol of "the rejoie-ing city that dwelt carelessly," to quote one of the hihlical texts he is fond of.

Classical architecture is not just Greeks and Romans: It is also Bramante (Terry spent several months in Rome measuring monuments), Palladio, the Georgians and a hit of English Picturesque. To Terry the classical orders are morally good and divinely inspired (in a 1983 lecture he traced their origin to the Temple of Solomon). They are adaptable to any time and need.

"Every time you use the classical orders you do them in a different way. Classical architecture expresses 1980 as



Quinlan Terry and, at right, his design for a classical country house.

eharacter each time you use it so it is legitimate as an expression of each age."
Terry, a primly handsome man of 51 who favors three-piece tweed suits, still works from the offices he shared with Erith in Dedham, in the heart of the Constable country. "East Anglians are the best people in England," Terry says. "They're the old English and they do

His practice is in a cosy and woodsy warren on Dedham's High Street, next to The Owl and The Pussycat bookshop. The village is impeccably preserved, thanks largely to Erith and Terry who restored several huildings and acted as watchdogs: Erith saw to it that traffic lines were not painted on the High Street, Terry had a public lavatory banned on the grounds that it would bring in tourist

Each day, Terry bicycles home to lunch in a large 1810 house on the River Brett, which the Terry family (there are five children) call the Brenta. Terry has added trompe l'oeil stone-blocking in the hall and a false perspective in the library (two devices very much used in his work). television is hanned and there are wooden columns representing the five classical orders: Tuscan, Doric, Ionic, Corinthian, and Composite.

Architects are not known for their modesty and Terry, who with a sort of reversed pride calls himself "a little counwell as 1880 or 1770. It's got a different try tradesman," is today the chief spokesman for Classicism, which he defends with religious fervor. He says of a debate at Oxford with Richard Rogers, who built the Pompidou Center and the new Lloyds building, "He made the point, the only point I agreed with, that architec-ture cannot be separated from a theol-

It was in the godless and materialistic 19th century that our moral decline became evident. Terry maintains, and now the Bible is no longer the accepted au-thority for eapital punishment and against homosexuality and adultery. This is a world that no longer deserves the classical orders: Terry's architecture, he says, represents an aspiration and a re-

"I would like to think it's a pointing at something. It would be awful to see a superficial revival, everything about this age is superficial. Similarly, the architecture is skin deep. Things aren't right in its heart.'

Terry thinks the common man agrees with him about the barrenness and shoddiness of most contemporary building, and clearly his views have struck a chord But his own huildings are far from the common man's needs or preoccupations: As an architect he specializes in expensive country houses.

His preferred client is, he says, the first earl rather than the fifth: the sort of man who consulted Terry about a 1960s house he had bought and promptly tore it down when Terry stated, "It's not a gentle-man's house." When you look at the man's new house, with one facade of three superimposed classical orders, in Terry's words, "You think this is where hig men have been."

The new big men of Thatcher's Britain each fit into one of the classical orders (former Cahinet minister Michael Heseltine, for example, for whom Terry built a summer house, is definitely Corinthian). They're usually achievers and achievers always look around for people who achieved in the past," Terry says.

The carefully detailed houses look charming and instantly genteel, classy, whimsical and undemanding. Terry has only one commission outside Britain for a house in Kentucky's hlue grass country - and in Britain has expressed his taste for the quaint in designing a grotto, a cricket pavilion, a Nymphaeum, farm cottage for David Hicks, and a 10foot-high hirdcage based on the two-domed Church of the Salute in Venice.

newly-created country gentlemen qualifies Terry to be the accepted spokesman against builders who have confronted the more depressing aspects of modern life. Terry replies that he has finally "entered the marketplace" by designing a 200,000square-foot office and luxury flat complex in Richmond which he hopes the Prince of Wales will inaugurate this spring, but the project demanded build-ings that would fit in with existing classical architecture.

Terry will not put up a building of more than eight stories and finds a population density of more than 200 people to the acre unacceptable, which means that he is unlikely to face the unpleasant problems endured by his peers. He is tasteful but not bold; he argues that those who consider his facades mere deathmasks are wrong:

"If you say that my architecture is dead and that it can't adapt to the age we live in, it would have stopped with the Greek temple. And see what Bramante did when the pope said I want to combine the circular pagan temple with the nave and aisles of a hasilica? It had never been done before. So he juxtaposed these two One might ask how handling pediments, archivolts and imposts for the build huge buildings in a classical way. I

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just haven't been asked to design a multistory car park or an airport, so everybody else tends to think it's impossible for me to do it."

A recent large book on Terry, subtitled The Revival of Architecture," says on its closing page, "The Modern Movement set the world on its head. We are now standing on our feet again. It is as though the Modern Movement had not hap-A bit over the top? Terry thinks not. "I

don't think we can ignore the Modern Movement But I wouldn't have minded at all if it hadn't happened, I think the world would be a much nicer place." Probably, but until Terry takes on bolder projects his philosophy will be encompassed by his current project: six houses for millionaires on Crown proper-ty in Regent's Park. They will be called the Ionic villa, the Veneto villa, the Gothic villa, the Corinthian villa, the Regency villa, and the Doric villa and they will have marble bathrooms and state-of-the-

art security systems.
"I don't think for a moment that anybody who looked at my work, any intelligent person, would think it was 200 years ago," Terry says. "It's 1988." In more ways than he may intend, he's right.

The City on the Rack

By William Safire

LANGUAGE

WASHINGTON — Five days before Governor Mario Cuomo of New York was to deliver his keynote speech at the 1984 Democratic convention, he called the broadcaster Larry King and read it to him over the telephone. As King recalls the conversation in "Tell It to the King," his new

book, the governor was critical, in his draft speech, of Ronald Rea-gan's use of "city on a hill" to describe the United States. The allnight interviewer was noncommittal but if the keynoter had asked me, I would have said, "Mario, throw that part out. The 'city on a hill' stuff was fine when St. Matthew used it: "Ye are the light of the world. A city that is set on an hill cannot be hid." And it was OK for John Winthrop to lift it in a sermon aboard the Arbella on his way to the New World in 1630. And then John Kennedy started using 'city on a hiil' in his stump speech, and then Ronald Reagan picked it up and made it a standard peroration. That beacon to mankind is untouchable. Nobody can criticize it. Don't mess with it."

But the governor didn't call me. Cnomo played off the tried-and-true elevated urban metaphor at the 1984 convention, complete with that "the hard truth is that not everyone is sharing in this city's splendor and giory.'

King writes: "Cuomo reminded me that it is the job of most keypote. speakers" in the party out of power to rack up the incumbent."

To me, the interesting point in that paragraph is his use of rack up.
It is uncertain from the text whether Cuomo used the slang phrase or it is King's paraphrase, but rack up has several senses and deserves close study.

College students will recognize wonks and throats (from cutthroats).

torture. Every well-equipped dunwrenched from their sockets was victory, you can wreak patronage called the rack, probably from the vengeance from high atop your city Middle Dutch recken, akin to both on a hill

The noun became a verb and is familiar to millions in the Oscar Hammerstein lyric, body as a achin' an racked wid pain from the song "Ol" Man River." When you rack your brains, you torture your mind to remember, which fits the meaning intended by the rack-

ing wonks and throats in our insti-tutions of higher learning.

(My conclusion is disputed by Thomas de Forest Bull of Boston

who claims that studious racking comes from bookracks.) Thus, the current usage — "that really racks me up" or, in King's words, "it is the job of most key-

note speakers to rack up the incumbent" - flows from the ancient framework used to inflict pain.
But a quite different sense exist for causing confusion. "As [Jesse]
Jackson racks up win after win,"
writes The Associated Press. "If all goes well for the vice president," commens The Christian Science Monitor, "he could rack up as

many as 500 delegates.

That happy racking means to achieve or "to gain," and comes not from the torture frame but the triangular frame that brings together the balls in a game of pool. The expression "Rack 'em up" is the order to assemble the balls for the start of a new game, and is usually spoken cheerfully by hustlers. The past participle, racked, means pastered, from the recket winning points.

There's more to be straightened out here. The verb rack, meaning "stretch" as in nerve-racked, should not be confused with the verh wrack, meaning "to wreck, min, at destroy" (wrack and ruin, in which wrack is a noun, has been misspelled rack and ruin for so many. conturies that it's no longer incor-

rect).
The New York Times Manual of Style and Usage has a great idea here: never use wrack, because it confuses people. Instead, when one sense immediately: racking wrack means "wreck," just use means "intense studying," the wreck (But when you mean inflict modern version of cramming, an damage," spell it wreak. You anti-social activity undertaken by "wreak havoc on", you never "wreck havoc" because havoc is This sense derives from medieval unwreckable.)

OK, keynoters, let's rack 'em up: geon had a device for extracting it's traditional to rack up your op-information or confession: the ponent with a good tongue-lashing. frame on which victims were bound for having led the country to war, and stretched until their limbs were and rain, and after you rack up a

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